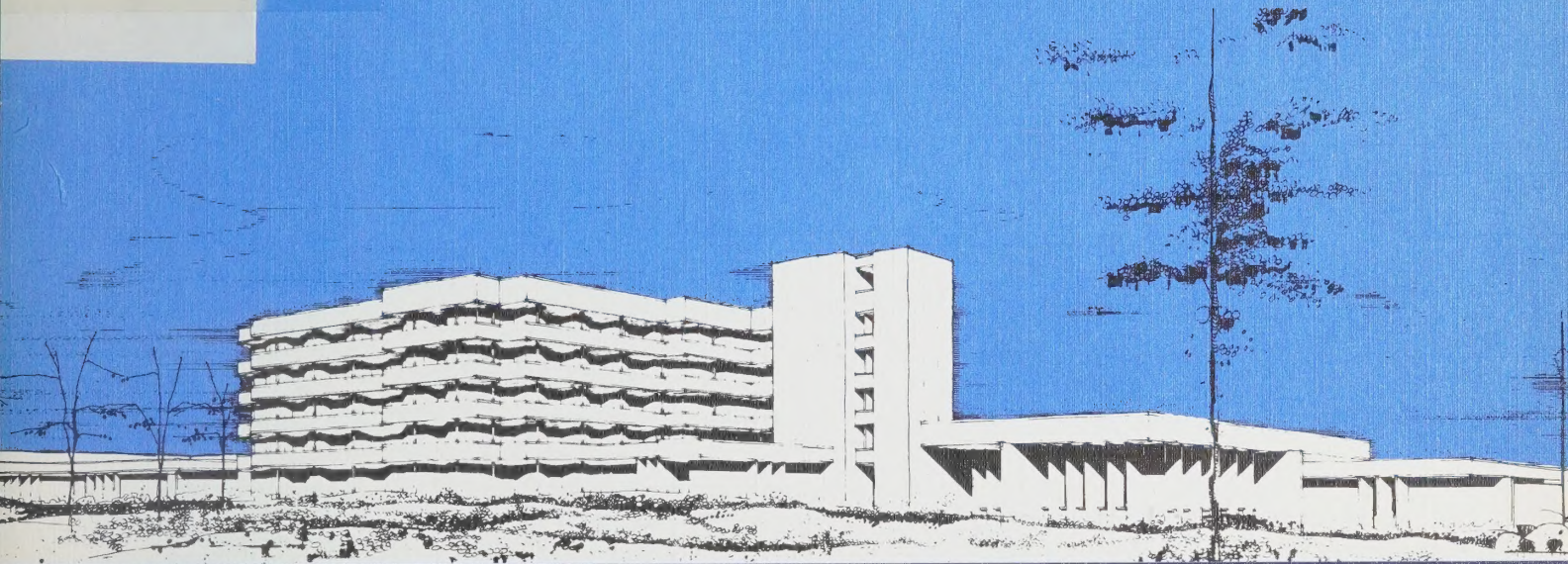


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DESERT HOSPITAL AUTHORITY
RIVERSIDE COUNTY, CALIFORNIA

\$15,000,000
1977 Lease Revenue Bonds


*Hospitals
Public debts
Local finance*

Palm Springs
INSTITUTE OF GOVERNMENT
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Investments public securities
JUN 9 1977

UNIVERSITY OF CALIFORNIA

Bids to be received by the Secretary of the Desert Hospital Authority
at 9:00 A.M., Tuesday, June 21, 1977, at the Desert Hospital,
1151 North Via Miraleste, Palm Springs, California 92262.



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Riverside County, California

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Bond Counsel
Harnish, Morgan and Causey, *Ontario*
Architects
Stone & Youngberg Municipal Financing Consultants, Inc.
Los Angeles and San Francisco
Crocker National Bank, *Los Angeles and San Francisco*
Trustee and Paying Agent
The Chase Manhattan Bank, N.A., *New York, New York*
Continental Illinois National Bank and Trust
Company of Chicago, *Chicago, Illinois*
Paying Agents

THE DATE OF THIS OFFICIAL STATEMENT IS MAY 24, 1977

77 04152

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UNIVERSITY OF CALIFORNIA

DESERT HOSPITAL AUTHORITY

May 24, 1977

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$15,000,000 of Desert Hospital Authority 1977 Lease Revenue Bonds, authorized and to be issued for the purpose of paying the costs of constructing and financing an addition to the Desert Hospital, including expenses in connection with bond issuance (the Project).

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Desert Hospital Authority. (Such firm will receive compensation from the Authority contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, Notice Inviting Bids, proposed project improvements, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Secretary of the Authority for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, is available to any prospective bidder on request from said Secretary.

No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Authority.

Subsequent to the publication of this Official Statement, and prior to the sale of the Bonds, there will be furnished to each recipient of this Official Statement a copy of a feasibility study relating to the Project which is being prepared by Coopers & Lybrand, Certified Public Accountants.

DESERT HOSPITAL AUTHORITY

F. Gillar Boyd, Jr., Attorney for the Authority

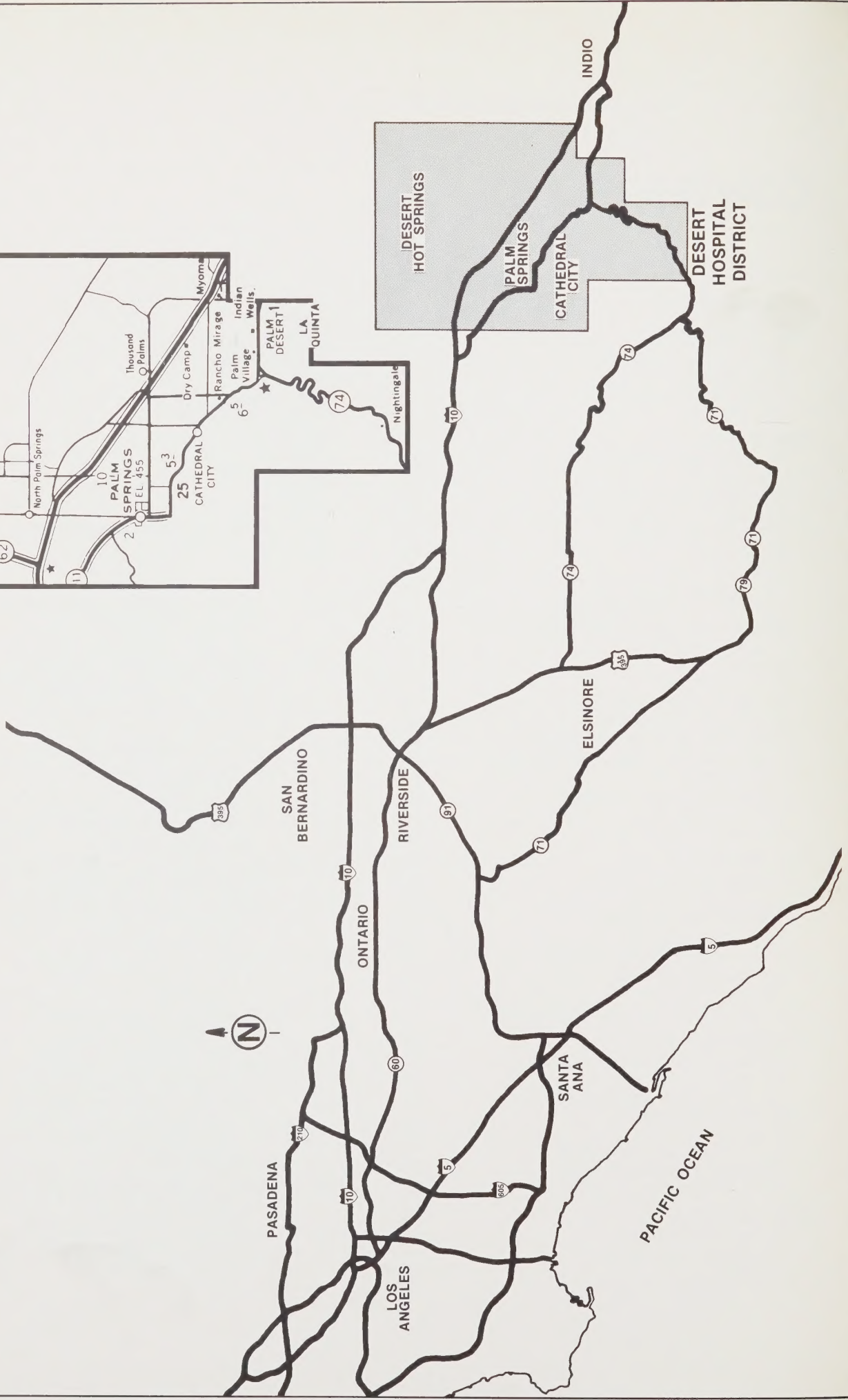
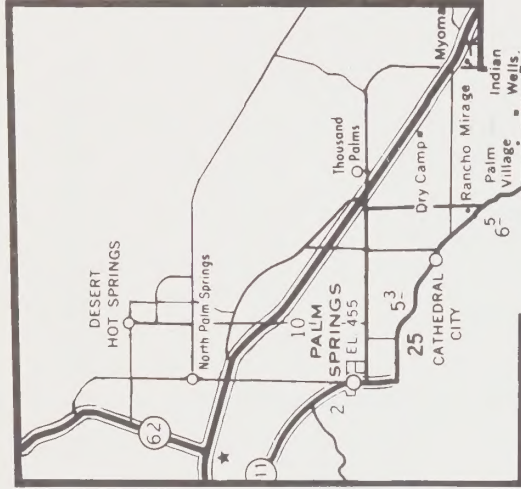
CONTENTS

INTRODUCTION	1
THE AUTHORITY	3
Joint Powers Agreement	3
Organization	3
Powers and Purposes	4
The Trustee	4
THE BONDS	5
Authority for Issuance	5
Sale of Bonds	5
Description of the Bonds	5
Redemption Provisions	6
Notice of Redemption	6
Registration	6
Legal Opinion	6
Tax Exempt Status	6
Eligibility for National Banks	7
Eligibility as Security for Public Funds ...	7
Purpose of Issue	7
Security	7
State Insurance	7
The El Mirador Lease	8
Creation of Special Funds	9
Disposition of Bond Proceeds	9
Deposit and Application of Revenues	10
Additional Bonds	10
Casualty Insurance Provisions	11
Other Covenants	11
Remedies Upon Default	12
THE PROJECT	13
Existing Facilities	13
Competing Facilities	13
Proposed Improvements	13
Need for Expansion	16
Environmental Impact Report	16
Estimated Project Costs and Sources of Funds	17
Revenue Bond Service Requirements	17
FINANCIAL DATA	19
Assessed Valuation	19
Tax Rates	19
Tax Levies and Delinquencies	20
Employee Retirement	21
Litigation	21
Audited Financial Statements	22
Unaudited Financial Statements	22
Direct Overlapping Bonded Debt	23
THE DISTRICT	37
District Government	37
Topography and Climate	38
Population	38

Housing	39
Income	40
Employment	41
Building Activity	43
Industry	43
Commercial Activity	43
Hotels and Motels	44
Convention Activity	44
Banking	45
Transportation	45
Utilities	47
Education	47
Recreational and Cultural Facilities	48
Community Facilities	48

TABLES

Table 1. DESERT HOSPITAL AUTHORITY Estimated Project Costs and Sources of Funds	17
Table 2. DESERT HOSPITAL AUTHORITY 1973 AND 1977 REVENUE BONDS Estimated Annual Bond Service ..	18
Table 3. DESERT HOSPITAL DISTRICT Combined Balance Sheets	24
Table 4. DESERT HOSPITAL DISTRICT Combined Statement of Revenues and Expenditures	26
Table 5. DESERT HOSPITAL DISTRICT Combined Statements of Changes in Fund Balances	27
Table 6. DESERT HOSPITAL AUTHORITY Combined Balance Sheets	28
Table 7. DESERT HOSPITAL AUTHORITY Revenues, Expenditures and Fund Balances	29
Table 8. DESERT HOSPITAL DISTRICT Combined Balance Sheets (Unaudited)	30
Table 9. DESERT HOSPITAL DISTRICT Combined Revenues and Expenditures (Unaudited)	32
Table 10. DESERT HOSPITAL DISTRICT Combined Statement of Changes in Fund Balances (Unaudited) ..	33
Table 11. DESERT HOSPITAL AUTHORITY Combined Balance Sheets (Unaudited)	34
Table 12. DESERT HOSPITAL AUTHORITY Revenues, Expenses and Fund Bal- ances (Unaudited)	35
Table 13. DESERT HOSPITAL DISTRICT Statement of Direct and Overlap- ping Bonded Debt	36



INTRODUCTION

The Desert Hospital Authority was formed by a joint exercise of powers agreement between the City of Palm Springs and the Desert Hospital Authority. The original purpose was the financing of a three-story addition to the Desert Hospital which was completed in November of 1968. The addition was financed by the sale of \$3,000,000 of Desert Hospital Authority Revenue Bonds in 1967. Subsequently the agreement was amended to provide, among other matters, authority to issue \$4,000,000 of bonds which were sold in 1973 to finance the acquisition of the El Mirador Hotel property, adjacent to the Desert Hospital and authority to issue the \$15,000,000 of bonds currently being offered for sale.

The proceeds of the bonds currently being offered for sale will be used to meet a major portion of the costs of the construction of a five-story hospital building on the El Mirador property. The District will provide funds to meet the balance of the costs.

Both the bonds currently being offered for sale and the 1973 issue are secured by a pledge of rental revenues due to the Authority under a lease of the El Mirador property to the District. The lease has a stated term of fifty-five years.

Under the lease the District covenants to include the total rental in its budget each year and to appropriate the necessary funds for the rental payment. The District intends to meet the annual rentals pledged to the security of the 1967 bond issue and the rentals due under the El Mirador Lease from operating revenues. The District has the power to levy an ad valorem tax rate of up to 20.4 cents per \$100 assessed valuation which is equivalent to \$864,000 based on the 1976/77 assessed valuation of the District. However the District is currently levying the entire 20.4 cents per \$100 assessed valuation.

The 1967 Revenue Bonds of the Authority are secured by the pledge of rental revenues due under a separate lease and there is no parity between the 1967 Revenue Bonds of the Authority and either the 1973 Revenue Bonds or the 1977 Lease Revenue Bonds currently being offered for sale.

The 1977 Lease Revenue Bonds are further secured by a State of California insurance plan under which the State guarantees that, in the event of default by the Authority, and upon a declaration by the trustee, the Crocker National Bank, or the holders of a majority of the outstanding bonds that

all such bonds and accrued interest are immediately due and payable, the State will issue, in place of these bonds, its own debentures having the same maturity dates and bearing the same interest coupons. Such debentures would be general obligations of the State of California. In order to avoid the possibility of the cancellation of the State insurance prior to a default in the payment of bond principal and interest, the supplemental resolution providing for the issuance of the 1977 bonds states that failure to set aside sufficient money for the payment of the insurance premium is itself an event of default and requires the trustee in such event to declare all outstanding bonds and accrued interest to be immediately due and payable.

To insure prompt payment of bond principal and interest, the following safeguards are provided in the resolution providing for the issuance of the bonds:

1. The Crocker National Bank, as trustee, will receive, administer and disburse all funds of the Authority in accordance with the resolution.
2. A Reserve Fund equal to one half maximum annual bond service will be created from the proceeds of the bonds and the rental payments to be received in 1980.
3. Various types of insurance will be provided, including fire and extended coverage, earthquake and liability insurance, plus business (rental) interruption insurance equal to three years' rental, except that no earthquake insurance need be provided if there is a Federal program of financial assistance in effect which the trustee deems to substitute adequate protection for the bondholders.
4. A policy of title insurance with lender's leasehold endorsement insuring the validity of the lease will be obtained prior to delivery of the bonds.
5. Although the portion of the building to be paid for from the proceeds of the bonds is expected to be completed within 24 months, in order to provide

for unforeseeable delays, the base rental due under the lease is not scheduled to become payable until after the end of a period of three years, and interest coming due during this period will be payable from bond proceeds.

6. The contractor will be required to post a 100 percent performance bond and 100 percent labor and material bonds.

The 1976/77 assessed valuation of the Desert Hospital District is \$417,654,230. The gross direct and overlapping debt of the District equals 8.80 percent of this assessed valuation and the net direct and overlapping debt equals 8.56 percent. The latter percentages do not include lease obligations. These lease obligations and the district's share of the bonds secured by them, based on the ratios of assessed valuations within the district to the assessed valuations of the agencies obligated under the leases, are as follows: Desert Hospital Authority: \$21,280,000 (including the bonds currently offered for sale); Palm Springs Airport Lease Company: \$1,094,354; Palm Springs Civic Center Authority: \$700,366; Riverside Civic Center Authority: \$1,838,461; Riverside County Law Library Authority: \$210,110; Riverside County Park Facilities Corporation: \$1,328,635; and Riverside County General Hospital Authority: \$387,261.

The Desert Hospital is located in Palm Springs, approximately 108 miles east of Los Angeles. The Desert Hospital District includes, in addition to Palm Springs, the Cities of Desert Hot Springs, Palm Desert and Rancho Mirage; the unincorporated communities of Alpine Village, Cathedral City, North Palm Springs and Thousand Palms; plus a small portion of the City of Indian Wells.

The economy of the District is based primarily on its popularity as a winter resort and as a convention center. However the permanent population is increasing, due in part to the number of retired persons making their homes there.

THE AUTHORITY

Joint Powers Agreement

The Desert Hospital Authority was created by a Joint Exercise of Powers Agreement between the Desert Hospital District and the City of Palm Springs dated December 19, 1966, and amended on October 28, 1968, April 10, 1972, October 13, 1972, January 30, 1973, and April 13, 1972. The agreement was restated as of April 18, 1976, to incorporate the previous amendments. The agreement was made under provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6500. A copy of the agreement, as restated, is included among the documents accompanying this official statement.

The basic purpose of the agreement is to provide for the acquisition, construction and financing of additions to the Desert Hospital. The hospital is operated by the District and located in the City of Palm Springs.

The original agreement provided for the financing and construction of a three-story addition to the Desert Hospital and authorized the Authority to issue \$3,000,000 of bonds to finance the addition.

Subsequent amendments to the agreement have provided, amongst other things: authority to issue \$4,000,000 of bonds to finance the acquisition of certain real property referred to herein as the "El Mirador property" and \$15,000,000 of bonds to finance further hospital additions and improvements; provision for the agreement to remain in effect until such time — after payment or provision for payment of all bonds of the Authority has been made — as the City and the District may mutually agree to its termination; and a stipulation that upon termination of the agreement the El Mirador property will vest in the City. All other property and other assets of the Authority will vest in the District upon termination of the agreement.

On June 13, 1967 the Authority sold \$3,000,000 of bonds to finance the construction of the three-story addition. On February 28, 1973, the Authority sold \$4,000,000 of bonds to finance the acquisition of the El Mirador property.

Organization

The Authority exists and acts as a separate public entity, and is administered by a governing board of

three members who are appointed by the District, subject to the approval of the City. Appointments are made biannually for alternating four-year terms. The chairman, vice-chairman and secretary are selected by the Authority governing board. The secretary may be a member of the governing board but need not be. The present members of the board are:

Frank Purcell, Jr., Chairman
Businessman

Robert A. Schlesinger
Attorney

Frank Todd
Banker

Powers and Purposes

The Authority has the power to acquire the sites for hospital additions, to acquire, construct, operate and maintain the additions, to incur debts and obligations which are not debts or obligations of the District or the City, including the issuance of revenue bonds, and to sue and be sued.

The Trustee

The resolution providing for the issuance of the Authority bonds names the Crocker National Bank, Los Angeles, California, as trustee, as permitted by the joint powers agreement. Under terms of the resolution the trustee will receive all bond proceeds and income of the Authority. The trustee will also act as a paying agent for the Authority and as bond registrar.

THE BONDS

Authority for Issuance

The joint exercise of powers agreement between the Desert Hospital District and the City of Palm Springs, as amended, presently authorizes the Desert Hospital Authority to issue a maximum of \$15,000,000 of revenue bonds to finance the acquisition and construction of hospital facilities.

The issuance of the bonds has been authorized by Ordinance No. 1018 of the City Council of the City of Palm Springs, adopted May 5, 1976, and by an ordinance of the Board of Directors of the Desert Hospital District adopted March 23, 1976.

The \$15,000,000 of bonds currently being offered for sale will be issued pursuant to the provisions for additional bonds contained in the resolution of the Desert Hospital Authority adopted January 23, 1973 providing for the issuance of \$4,000,000 of 1973 Revenue Bonds and under terms of a supplemental resolution of the Authority, adopted May 24, 1977.

The bonds will be issued under provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6500.

Sale of Bonds

Bids will be received by the Secretary of the Desert Hospital Authority at or before 9:00 A.M., June 21, 1977, at the Desert Hospital, 1151 North Via Miraleste, Palm Springs, Ca. 92262. It is expected that the bids will be referred to the Governing Board of the Authority for action at 10:00 A.M. of the same day. Details as to the terms of the sale are included in the Notice Inviting Bids adopted May 24, 1977. A copy of the notice accompanies this official statement.

Description of the Bonds

The \$15,000,000 of Desert Hospital Authority 1977 Lease Revenue Bonds will be dated March 1, 1977 and will be issued in denominations of \$5,000 each. The bonds will be numbered 1 through 3,000 and will be payable on March 1 of each year, as shown in the maturity schedule on the following page.

Interest will be payable semiannually on March 1 and September 1 of each year. Both principal and interest will be payable at the Los Angeles and San Francisco main offices of the trustee, Crocker

National Bank, or at paying agents for the Authority in Chicago, Illinois, or New York, New York.

SCHEDULE OF MATURITIES

Year	Principal Maturing	Year	Principal Maturing
1981	\$ 325,000	1992	\$ 675,000
1982	325,000	1993	700,000
1983	375,000	1994	725,000
1984	400,000	1995	775,000
1985	425,000	1996	825,000
1986	450,000	1997	875,000
1987	500,000	1998	925,000
1988	500,000	1999	1,000,000
1989	550,000	2000	1,075,000
1990	575,000	2001	1,150,000
1991	625,000	2002	1,225,000

Redemption Provisions

In the event of loss of or substantial damage to or condemnation of the project which renders it unusable, all or any of the bonds may be redeemed at any time by payment of the principal, accrued interest and the applicable premium, as described in the following paragraphs.

In the event of destruction or condemnation of only a portion of the project, resulting in a partial reduction in the rent payable to the Authority, the trustee is to call for redemption a portion of the bonds within each maturity, so as to provide for approximately equal annual bond service on the bonds which will remain outstanding.

Except in the event of destruction or condemnation of the project, bonds maturing on or before March 1, 1989 are not subject to call or redemption prior to their fixed maturity date and bonds maturing on or after March 1, 1990, a principal amount of \$11,150,000, are subject to call and redemption at the option of the Authority as a whole or in part in inverse order of maturity and by lot within a single maturity on March 1, 1989, or on any interest payment date thereafter.

The bonds are redeemable at par plus accrued interest and a premium equal to one-fourth of one percent for each year or fraction of a year from the redemption date to the maturity date, up to a maximum of 5 percent.

The maximum premium payable upon redemption of the bonds on or after March 1, 1989, would be 3½ percent. Premiums in excess of 3½ percent, up to the stated maximum of 5 percent, would be payable only upon redemption of the bonds prior to March 1, 1989, due to condemnation or destruction of the project.

Notice of Redemption

Notice of redemption is to be published in a financial newspaper or financial journal in the City of New York at least 30 days and not more than 60 days prior to the redemption date. The trustee is required to give written notice to the owners of any registered bonds.

Registration

The bonds will be issued as coupon bonds which will not be subject to registration, or as fully registered bonds. Coupon bonds may be exchanged for fully registered bonds and fully registered bonds may be exchanged for coupon bonds.

Legal Opinion

The opinion of O'Melveny & Myers, Los Angeles, California, bond counsel for the Desert Hospital Authority, attesting to the validity of the bonds will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Bond counsel's review of this Official Statement has been limited to the statements of law and legal conclusions set forth under the heading "The Bonds." Bond counsel's employment is limited to a review of the legal procedures required for the authorization of the lease, as amended, described below, and of the bonds and to rendering an opinion as to the validity of the bonds and the exemption of interest on the bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, representations, offering circulars or other material of any kind concerning the bonds including portions of this Official Statement not mentioned in this paragraph.

Tax Exempt Status

In the opinion of bond counsel, the interest on the bonds is exempt from income taxes of the United States of America under present federal income

tax laws and such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

Eligibility for National Banks

A request has been made to the Comptroller of the Currency for a ruling on the eligibility of the bonds for purchase, dealing in, underwriting and unlimited holding by national banks. A ruling on the request is expected prior to the date of sale of the bonds.

Eligibility as Security for Public Funds

In the opinion of bond counsel the bonds are eligible to secure deposits of public funds in banks in the State of California.

Purpose of Issue

The proceeds from the sale of the \$15,000,000 of Desert Hospital Authority 1977 Lease Revenue Bonds, will be used to finance construction of a new building and ancillary facilities to be located on the El Mirador property, which was acquired through the 1973 Revenue Bond transaction. The new building is part of a major expansion and reconstruction program being undertaken by the Desert Hospital. The existing hospital and the proposed improvements are described under the heading "The Project."

Security

Both the 1973 Revenue Bonds of the Authority and the 1977 Lease Revenue Bonds currently being offered for sale are secured by a pledge of the revenues derived by the Authority from the El Mirador property. These revenues will consist primarily of the rental payments to be made to the Authority by the Desert Hospital District under the El Mirador Lease, as amended, and will also include any other revenues, such as interest earnings, connected with the El Mirador project.

Additional security is provided under the California Health Facility Construction Loan Insurance Law, which is more fully described in the following subsection of this official statement.

The 1967 Revenue Bonds of the Authority are secured by the pledge of rental revenues due under a separate lease and there is no parity between the 1967 Revenue Bonds of the Authority and either the 1973

Revenue Bonds or the 1977 Lease Revenue Bonds currently being offered for sale.

However, the Desert Hospital District expects to meet the payments due under both the lease securing the 1967 Revenue Bonds and the El Mirador Lease from the same sources. These sources consist of revenues from the operation of the Desert Hospital and the proceeds from ad valorem taxes which may be levied by the District.

The District has the power, under the Health & Safety Code of the State of California, to levy an ad valorem tax of up to 20.4 cents per \$100 assessed valuation to meet operating expenses and/or capital outlays. The proceeds from such taxes may be applied to meet the rental payments due to the Authority. However, the District is already levying a tax at the maximum rate of 20.4 cents per \$100, plus taxes to meet general obligation debt service, as shown under the section of this official statement entitled "Financial Data."

Accordingly the additional revenues required to meet the increased base rentals which will be applied to the payment of debt service on the 1977 Lease Revenue Bonds are expected to be generated primarily from hospital operating revenues.

The firm of Coopers & Lybrand, Certified Public Accountants, has prepared a financial feasibility study which projects the revenues of the Hospital District which will be available to meet the rental payments due the Authority. A copy of this study will be mailed to the original recipients of this official statement prior to the sale of the 1977 Lease Revenue Bonds.

State Insurance

The bonds currently being offered for sale will be insured under the California Health Facility Construction Loan Insurance Law (Health & Safety Code commencing with Section 436) which is referred to below as "the Law" and pursuant to a Regulatory Agreement to be entered.

The Law provides that in the event the Authority defaults on the payment of principal and interest on the insured bonds the State will issue, in exchange for the bonds, debentures in an amount equal to the outstanding principal amount of bonds plus interest on the bonds accrued and unpaid on the date of default. It further provides that the debentures will bear the same interest rates as the bonds and will have the same repayment schedule.

The Law provides for the debentures to be in denominations of \$1,000 and in coupon or registered form. Any amounts due holders of defaulted bonds in excess of a multiple of \$1,000 will be paid to the bondholder in cash by the State.

The Law states that such debentures "shall be pursuant to Article XIII, Section 21.5 of the California Constitution, fully and unconditionally guaranteed as to principal and interest by the State of California, which guarantee shall be expressed on the face of the debentures."

The insurance coverage for any issue of bonds insured under the Law cannot be cancelled by the State except (a) upon the joint request of the borrower and the lender or (b) upon failure of the borrower to pay the insurance premium for 30 days after notice of delinquency is sent by the State. In order to avoid the risk of cancellation of the insurance for the latter cause, the supplemental resolution provides that the amount necessary to pay the premiums for insurance during the first three years after the issuance of the bonds will be transferred to the Insurance Fund (created for the payment of such premiums) and that on or before July 10 of each year, beginning July 10, 1980, an amount equal to the premium required to maintain the insurance during the next 12 months will be transferred to the Insurance Fund and further provides that failure to make the required transfers to the Insurance Fund is an event of default on the bonds, which in itself would cause the insurance protection to come into effect under the terms of the Regulatory Agreement.

The El Mirador Lease

The original El Mirador Lease provided for the District to pay the Authority an annual base rental of \$335,000 which is due on July 1 and payable on July 15 of each year, plus additional rentals to meet the operating expenses of the Authority.

An amendment to the lease, approved by the Board of Directors of the Desert Hospital District on May 17, 1977 and by the Desert Hospital Authority on May 24, 1977 provides for an increase in the amount of base rental due under the El Mirador Lease. The increased base rental figure will be established following the sale of the bonds, but prior to their delivery, and will be in an amount sufficient to meet the debt service requirements of both the 1973 and the 1977 bond issues of the Authority.

The amendment to the lease also provides that when all of the 1973 bonds and interest has been paid the rent may be reduced to the amount necessary to meet debt service on the 1977 bonds, provided that the Authority has complied with all covenants of the 1973 resolution and the supplemental resolution.

The increased base rental will be payable commencing on February 1, 1980, or the completion date of the additions to project to be financed by the 1977 Lease Revenue Bonds, whichever is later, and will be pro rated over the first fiscal year in which it is due. Subsequently the entire increased base rental will be due on July 1 and will be payable on July 15 of each year.

The lease also provides for the District to pay the costs of construction which are in excess of the amount of the proceeds of the Authority bonds available for the purpose. Based on the low construction bid received on May 12, 1977 from Tutor, Saliba, Potashnick, a joint venture, the estimated amount to be paid by the District is \$4,025,000 including an allowance for contingencies.

Under the lease the District covenants to include in its annual budget for each fiscal year the amount of the base rental and a reasonable estimate of any additional rentals which may become payable during the year.

The lease provides for the maintenance of fire, extended coverage and earthquake insurance (although the latter may be omitted if the trustee determines that adequate funds are available from other sources as set forth in the resolution providing for the issuance of the bonds). In the event of destruction of the buildings, the Authority has the option to use the insurance proceeds to rebuild the structures or to terminate the lease and redeem the bonds. However if the insurance proceeds are sufficient to meet the costs of rebuilding and the debt service during reconstruction the Authority requires the consent of the District to terminate the lease. The proceeds of any award in the event of condemnation will be used to redeem the bonds.

Under terms of the lease, the District will operate and maintain the project at its own expense, except that, in the event the District defaults in its lease payments, the Authority has the right to terminate the lease and operate the project itself or, without terminating the lease, to re-enter and relet the premises for the account of the District.

Creation of Special Funds

Articles three and five of the resolution of the Authority providing for the issuance of the 1973 Revenue Bonds established certain special funds to be held and administered by the trustee. The supplemental resolution providing for the issuance of the bonds currently being offered for sale provides for the continuation of these funds — except that the Acquisition Fund is renamed the Acquisition and Construction Fund — and also provides for the establishment of an Insurance Fund to be held by the trustee. The funds established under the two resolutions are listed in the accompanying Summary of Special Funds.

Disposition of Bond Proceeds

Under the terms of the supplemental resolution providing for the issuance of the 1977 Lease Revenue Bonds, the proceeds from the sale of the bonds will be deposited with the trustee. The trustee will then place the accrued interest and premium (if any) in the Interest Fund and the remaining proceeds transferred and deposited as follows:

1. To the Interest Fund a sum which will bring the balance to an amount equal to the first thirty six months' interest on the bonds.
2. To the Reserve Fund a sum which, together with the amounts which will be available for transfer from the Revenue Fund at or before the time of receipt of the first full fiscal year payment of the increased base rental (assuming that construction is completed by the time called for in the plans and specifications), will be equal to one-half the maximum annual debt service on the 1977 Lease Revenue Bonds.
3. To the Insurance Fund the amount of premiums, inspection fees and other costs necessary to maintain the State Construction Loan Insurance from the date of delivery of the Bonds until July 15, 1980.
4. The balance to the Acquisition and Construction Fund. After completion of construction any balance remaining in the fund may be held for future use, transferred to the Interest and Retirement Funds or transferred to the Revenue Fund.

DESERT HOSPITAL AUTHORITY 1973 AND 1977 REVENUE BONDS

Summary of Special Funds

Fund	Principal Source(s)	Use
Acquisition and Construction Fund	Bond Proceeds	Acquisition of El Mirador property and construction of additions
Revenue Fund	District Rent Payments	Transfers to required Funds; surplus for capital improvements; bond redemption or purchase, or other specified purposes
Interest Fund	Revenue Fund after initial transfer from Bond Proceeds	Bond interest
Retirement Fund	Revenue Fund	Bond principal
Reserve Fund	Bond Proceeds and Revenue Fund	Bond principal and interest; payment of final maturities
Working Capital Fund	Revenue Fund	Authority's administrative and miscellaneous expense
Operation and Maintenance Fund	Revenue Fund	All costs of operation if operated by Authority
Insurance Fund	Bond Proceeds and Revenue Fund	Payment of premium and other fees due under construction loan insurance program

Deposit and Application of Revenues

All revenues of the Authority including rent, interest earnings and other income from the project are pledged to the punctual payment of the bond principal and interest. All revenues will be immediately deposited with the trustee and credited to the Revenue Fund, from which they will be transferred to the following special funds, to be withdrawn only for the purposes of each fund.

1. Interest Fund — On or before July 15 of each year, commencing on July 15, 1980, the trustee is required to deposit a sum which, together with the balance then on hand, will be sufficient to pay interest becoming due on the next September 1 and March 1.
2. Retirement Fund — On or before July 15 of each year, commencing on July 15, 1980, the trustee is required to deposit a sum which, together with the balance then on hand, will be sufficient to pay the principal becoming due on the next March 1.
3. Insurance Fund — On July 10 of each year, beginning July 10, 1980, the Trustee shall transfer to the Insurance Fund a sum which, together with the balance in the Fund, will be sufficient to pay the premiums, fees and costs required to maintain the State Insurance in effect for the next 12 months.
4. Reserve Fund — From the revenues received on or before July 1, 1980, the trustee shall deposit in the Reserve Fund the funds required to increase the Reserve to an amount equal to one-half the maximum annual bond service on the 1977 Lease Revenue Bonds. The fund can be used solely to pay bond principal and interest in the event no other funds are available and must be replenished if used; provided, however, that it may be used to retire the last outstanding bonds of the issue. Money in the fund may be invested in federal securities or may be deposited in interest bearing bank accounts. Surplus interest obtained by investment of the Reserve Fund shall be transferred to the Revenue Fund.
5. Working Capital Fund — Following the foregoing transfers the trustee shall deposit in this fund sums sufficient for the payment of such items as taxes or assessments, if any, levied upon the project, administrative costs of the Authority, trustee's fees, insurance premiums — excepting premiums payable under the State Health Facility Construction Loan Insurance Law which are to be paid from the Insurance Fund — and any other expenses of the Authority not otherwise provided for.

6. Operation and Maintenance Fund—Under terms of the El Mirador Lease, the District will operate and maintain the property at its own expense. However, if at any time the District should default in its obligations under the lease, and the Authority should operate the property, then the trustee is required to deposit in this fund all amounts which are required to pay for the maintenance and operation of the project. Disbursements can be made for this purpose by the trustee only upon written request of the Authority.

The transfers will be made in the following order of priority with respect to the 1973 issue and the 1977 issue.

<u>1973 Issue</u>	<u>1977 Issue</u>
1. Interest Fund	1. Interest Fund
2. Redemption Fund	2. Redemption Fund
3. Reserve Fund	3. Insurance Fund
4. Working Capital Fund	4. Reserve Fund
5. Operation and Maintenance Fund	5. Working Capital Fund
	6. Operation and Maintenance Fund

Any balance in the Revenue Fund on June 15 of each year, provided that it is not required for the above purposes or to meet future payments of principal and interest based on the base rental schedule, may be used by the trustee at the direction of the Authority for the purchase or redemption of bonds or for additional construction.

Additional Bonds

The Authority covenants that no additional indebtedness with a priority over the bonds currently being offered may be issued. Additional bonds may be issued on a parity with the bonds currently being offered for sale, subject to the following conditions.

1. The additional bonds must be authorized and used to finance alterations or improvements to the project and must be declared, by a supplemental resolution, to be necessary for that purpose.
2. The Authority must be in compliance with all covenants of the resolution of issuance.
3. The additional bonds must be equally and ratably secured.

4. The additional bonds must mature on March 1 and bear interest payable on March 1 and September 1 of each year. The additional bonds will not be subject to redemption prior to March 1, 1983, except in the event of destruction or condemnation of the project.

5. The Authority must have entered into a lease or revised lease with the District in which the District obligates itself to increase the base rental under the lease to an amount sufficient to provide for the payment of the additional principal and interest.

6. Provision must be made to increase the Reserve Fund by an amount equal to one-half the maximum annual debt service on the additional bonds from the proceeds of the bonds or from the initial payments of base rental under the revised lease.

7. Prior to the issuance of additional bonds, the Authority must file the supplemental resolution and certain other documents with the trustee.

Furthermore the issuance of additional bonds would require an amendment to the joint exercise of powers agreement between the City of Palm Springs and the Desert Hospital District creating the Authority since that agreement currently provides that the Authority may issue no more than the \$15,000,000 of bonds currently being offered for sale.

No refunding bonds may be issued by the Authority unless the District has obligated itself to make annual base rental payments sufficient for the Authority to meet principal and interest payments on the bonds which will be outstanding after the refunding, and further provides that if the bonds are to be only partially refunded provision must be made for maintenance of a reserve fund equal to one-half the maximum annual bond service.

Casualty Insurance Provisions

The Authority covenants that the following insurance protection will be maintained:

1. If available on the open market from reputable companies, insurance:
 - a) against loss or damage to the property resulting from fire, lightning, and other perils ordinarily defined as "extended coverage" in amounts, for not less than the full insurable value of the properties or the amount of the Authority's outstanding bonds, whichever is less;

b) against loss or damage from sprinkler system leakage;

c) against explosion of steam boilers and similar pressure vessels;

d) against earthquakes, in an amount as will adequately protect the value of the leased premises sufficiently to support the level of the rental payments provided in the lease, or the amount required to redeem the outstanding bonds of the Authority secured by the lease of the El Mirador property, whichever is less; provided, however, that such insurance need not be provided if, in the opinion of the trustee, a Federal program of financial assistance in event of earthquakes provides adequate protection; and

e) against war risks, as and when obtainable from reputable insurance companies, in an amount not less than 80 percent of the full insurable value.

2. Use and occupancy or rental income insurance against all of the foregoing perils in an amount of not less than three years' rental.

3. Public liability insurance of not less than \$250,000 per person and \$1,000,000 per any one accident and property damage insurance of at least \$50,000.

4. Workman's compensation for all persons employed in connection with the project.

Other Covenants

The Authority also covenants:

1. To punctually pay bond principal and interest as they become due.
2. Not to mortgage, encumber, sell, lease, place a charge on or otherwise dispose of the project or the revenues therefrom and not to enter into any agreement which impairs the operation of the project or otherwise impairs the rights of the bondholders with respect to the revenues or operation without making an adequate provision to protect the rights of bondholders.
3. To punctually acquire and construct the project.
4. To pay, discharge, or contest any lawful claims and any taxes, assessments, or other governmental charges upon the project or the revenues which might impair the security of the bonds.

5. To keep proper books of record and accounts and to file with the trustee annually, within 120 days after the end of each fiscal year, detailed certified audits covering the operation of the Authority, showing revenues, expenses, insurance in force, and the status of each fund.
6. To maintain or cause the project and all buildings and equipment to be maintained.
7. If for any reason the Authority should operate the project, to fix and collect charges sufficient to pay bond principal and interest when due, to pay all operation and maintenance expenses and to maintain the special funds provided for in the Resolution.

The District and the Authority may make changes in the site to permit further development, provided that the Authority covenants that it will not permit any such change which would reduce the fair rental value of the project below the base rental and further covenants it will obtain an opinion of an independent appraiser that the fair rental value will not be so reduced.

Remedies Upon Default

As described under the subheading "State Insurance," above, failure to make the required transfers to the Insurance Fund is an event of default on the bonds. In the event of such default in making such transfers to the Insurance Fund the Trustee is required to give notice to the Authority declaring all of the 1977 bonds and all accrued interest to be immediately due and payable which would cause the insurance protection under the Health Facility Construction Loan Insurance Law to come into effect.

The following events will also constitute an event of default:

1. Failure to pay any bond principal, interest or premium when due, either at maturity or by call for prior redemption.

2. Failure to correct any other default under the covenants, agreements or conditions set forth in the resolution, for a period of 60 days after notice of such default has been given the Authority by the Trustee or by the holders of at least 25 percent of the outstanding principal amount of bonds.
3. Failure to bring suit against the District within 30 days if the District does not budget, appropriate or pay the rent due under the lease.
4. Any court shall assume custody or control of the Authority, or of a substantial part of its assets, under the provisions of any law for the relief or aid of debtors, and such custody or control has not been terminated within 60 days after being assumed.
5. Failure to make payments into the Insurance Fund when due or a declaration that the Authority is in default under the program.

Except as noted below, if any of these events of default occurs, all of the outstanding bond principal and all accrued interest will become due and payable upon notice to that effect being given the Authority by the Trustee or by the holders of at least a majority of the outstanding principal amount of bonds.

At such time State debentures would be issued in exchange for the 1977 Lease Revenue Bonds.

However, the holders of at least a majority of the bonds may rescind such notice declaring all principal and accrued interest to be due and payable if the Authority shall have cured all events of default or shall have made provision therefor.

The bondholders have the right of mandamus or other appropriate remedy to compel the performance of the duties and responsibilities imposed by the resolution. However, in the opinion of bond counsel the effect of any such remedies may be limited by the laws of the State of California affecting such remedies and may also be limited by laws governing bankruptcy, insolvency or other matters affecting the enforcement of creditors' rights.

THE PROJECT

Existing Facilities

The Desert Hospital was established in 1951 as a 33-bed facility. The hospital has undergone almost continuous expansion since that time. It now contains 188,756 square feet of floor space within the main hospital building. In addition there is a 38,500 square foot administration building. The hospital has a capacity of 217 beds, plus laboratory, X-ray, surgical, therapy and pharmaceutical facilities, a nuclear medicine center, an eye clinic, an emergency room and a teaching center. It also provides a day care center and medical social services.

These facilities have been financed from a number of sources including hospital operating revenues and taxes, contributions, the proceeds of two general obligation bond issues sold in 1956 and 1964, plus the two revenue bond issues of the Authority.

On July 11, 1973, the Riverside County Quality of Care Committee of the Comprehensive Health Planning Association for Imperial, Riverside and San Diego Counties endorsed, "as excellent, the quality of care now being provided by Desert Hospital."

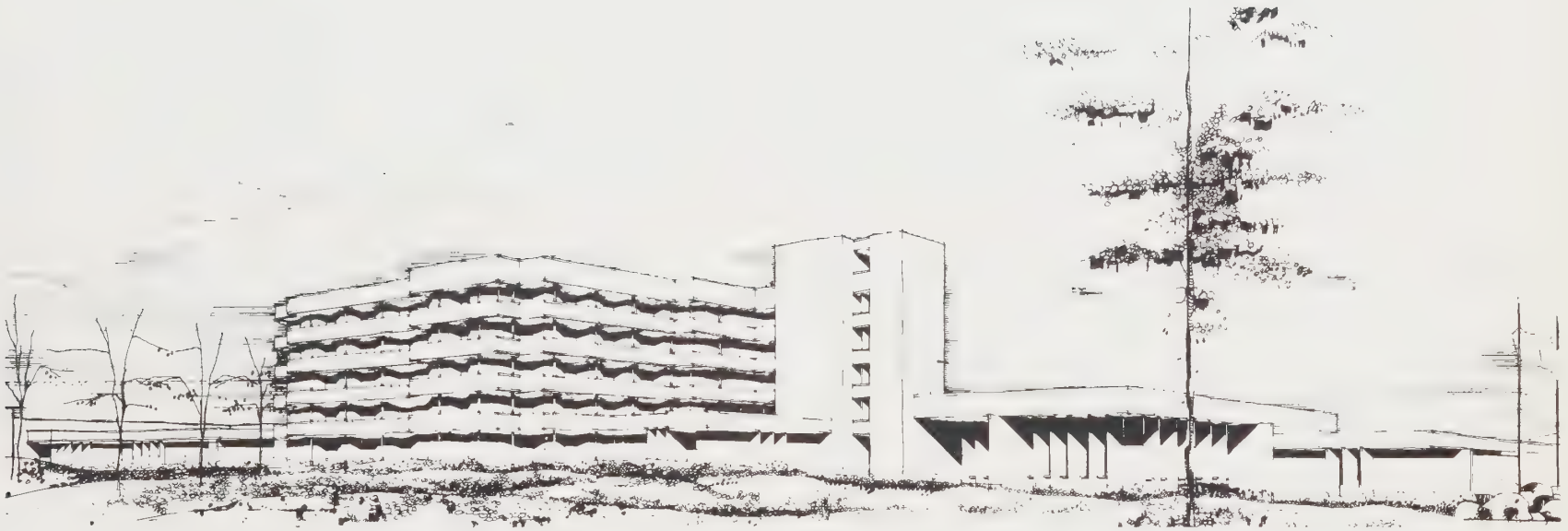
Competing Facilities

The only other acute-care hospital within the Desert Hospital District is the Eisenhower Medical Center, a 138-bed facility located about ten miles distant from the Desert Hospital in Palm Desert. There are three other acute care hospitals located within the vicinity but outside the Desert Hospital District's boundaries. These are Indio Community Hospital, with 112 beds, located approximately 21 miles from the Desert Hospital in the City of Indio, Hi-Desert Medical Center, with 56 beds, located approximately 15 miles from the Desert Hospital in the community of Joshua Tree and San Geronimo Pass Hospital, with 68 beds, located approximately 23 miles from the Desert Hospital in the City of Banning.

The tabulation on the following page presents a comparison of the services offered by the Desert Hospital and the four other hospitals in the area, as shown in the 1976 American Hospital Association *Guide to the Health Care Field*.

Proposed Improvements

The proceeds from the sale of the \$15,000,000 of 1977 Lease Revenue Bonds will be used, together



Architect's Rendering of the Five-Story Addition to the Desert Hospital

Facility Or Service	Desert Hospital District	Eisenhower Medical Center	Hi Desert Medical Center	Indio Community Hospital	San Gorgonio Pass Hospital
Post Operative Recovery Room	X	X	X	X	X
Intensive Cardiac Care Unit	X	X			
Intensive Care Unit	X	X			X
Open-Heart Surgery Facilities					
Pharmacy With FT Registered Pharmacist ..	X	X		X	X
Pharmacy With PT Registered Pharmacist ..			X		
X-Ray Therapy	X				
Cobalt Therapy	X				
Radium Therapy	X				
Diagnostic Radioisotope Facility		X	X		X
Therapeutic Radioisotope Facility	X	X			
Histopathology Laboratory	X	X			
Chemical Dependency Outpatient Unit		X			
Blood Bank	X	X			X
Electroencephalography	X	X			
Inhalation Therapy	X	X	X	X	X
Abortion Service (Inpatient)					
Abortion Service (Outpatient)					
Physical Therapy Department	X	X	X		X
Psychiatric Outpatient Unit	X				
Psychiatric Consultation And Education	X				
Clinical Psychologist Services	X				
Emergency Department	X	X	X		X
Social Work Department	X		X	X	X
Hospital Auxiliary	X	X		X	X
Volunteer Services Department	X	X	X		

with funds to be provided to the Authority by the Desert Hospital District, to finance the construction of a new five-story, 221,000 square foot building and appurtenances on the El Mirador site.

The new structure will be part of a wide-ranging expansion and improvement program being carried out at the Desert Hospital. The program will also include remodeling of 57,050 square feet of the existing hospital and the construction of a utility plant which was started in 1975 and is now nearing completion.

The overall construction program will result in a net increase in the Desert Hospital bed capacity from

the present total of 217 to a new total of 344 beds, plus the provision of new and expanded patient care facilities.

The new building to be financed by the Authority will contain 127 new acute care beds. The building will contain space for an additional 32 beds, 15 of which will replace beds located in a portion of the existing hospital which will be converted to other uses. The building will also provide new and enlarged space for the emergency department, radiology department, inhalation therapy and pulmonary department, neurology department, clinical laboratory, surgery, general stores, central processing pharmacy, housekeeping and purchasing facilities and

a complete dietary department including a cafeteria and kitchen.

The portion of the existing hospital building which presently houses these functions will be remodeled to provide 81 new beds for rehabilitation, psychiatric care and treatment of alcoholism and drug abuse, plus physical therapy, occupational therapy, maternity and radiology facilities.

The utility plant now under construction will contain boilers, chillers, emergency generators and all switchgear necessary to serve both the new and existing hospital facilities.

Need for Expansion

The State Health Planning Council has approved the hospital's expansion program, based on the recommendation of the Comprehensive Health Planning Association of Imperial, Riverside and San Diego Counties. The recommendation was based on the finding that the Desert Hospital met five of the criteria established by the Association for considering variances from the Areawide Plan for Health.

The five criteria which the Desert Hospital was found to meet were as follows:

1. *There is excessive utilization of specialized services for which expansion is . . . requested; i.e. over 85% occupancy of double rooms and over 90% occupancy of single care rooms, with no reasonable alternative arrangements available.*

The Association noted the wide variance in utilization rates between the summer months, when the hospital is utilized mainly by the permanent population, and the winter and spring months when there is a major influx of visitors and seasonal residents to its service area. It found that during the season it is necessary to place patients in beds set aside for specialized purposes and, in some instances, to place patients in hallways. It also noted that the shortages of beds forced delays in elective surgeries.

2. *There exist unique population characteristics which have an impact on services and facilities.*

The Association again noted the seasonal variation in population and also the fact that, because many residents move to the area for health reasons during the winter, "the seasonal population has a greater effect on the utilization of hospital services than the permanent population."

It also pointed out that the area has a high population of elderly persons who, as a group, have a higher use of hospitals than the average.

3. *Desert Hospital has demonstrated willingness and ability to expand services creatively and innovatively to meet community needs.*

The Association noted that under the Local Hospital District Law the Desert Hospital is required to provide for the community's total local health care needs and pointed out that it is the only hospital in the area providing obstetric and pediatric services.

It also cited the District's record of expansion and innovation in the past and the new services which will be provided as a result of the expansion program.

4. *Desert Hospital provides a superior quality of health care, has demonstrated cost effectiveness programs to maximize care at a justifiable cost and has strong broad-based community support.*

The Association noted that despite the seasonal fluctuations in hospital utilization, which could be expected to result in high costs of care during the off-season, the Desert Hospital's costs were found to be almost at the mean point for Southern California. The Association ascribed this result to good fiscal management, the use of group purchasing agreements with the Hospital Council of Southern California, and the practice of closing nursing units during the slack season.

It found that broad-based community support is indicated by the presence of the Desert Hospital Foundation (a 400-member non-profit corporation active in obtaining donations to the hospital) and the Desert Hospital Women's Auxiliary, with more than 1,000 members.

5. *The Desert Hospital is clearly moving to create a strong health center to provide comprehensive primary health service and the facility has made considerable effort to collaborate with other health care facilities and agencies in its area.*

Environmental Impact Report

The project is subject to the provisions of the California Environmental Quality Act, commencing with Section 21000 of the Public Resources Code. Pursuant to the Act, an environmental impact report on the project was completed in 1974 and a notice of determination was filed with the Riverside County Clerk on October 3, 1974.

Estimated Project Costs and Sources of Funds

Table 1 shows a summary of the costs of the entire Desert Hospital expansion program, including both the project to be financed by the Authority and the projects to be financed by the Desert Hospital District and by donations, plus the expected sources of funds to meet project costs, as reported by the hospital district's staff.

A complete summary of the funds presently available to meet project costs plus projections of the funds to be provided to meet future costs will appear in the financial feasibility study being prepared by Coopers & Lybrand, Certified Public Accountants. A copy of this study will be mailed to the original

recipients of this Official Statement prior to the sale of the bonds currently offered for sale.

As noted previously, the Lease of the El Mirador property to the District has been amended to provide that the District will pay the costs of completing the construction of the portion of the addition which cannot be met from the proceeds of the bonds of the Authority.

Revenue Bond Service Requirements

Table 2 is a schedule of estimated annual bond service for the bonds currently being offered for sale, based on an interest rate of six and one quarter percent, plus the actual debt service requirements of the \$4,000,000 of 1973 Revenue Bonds.

Table 1

DESERT HOSPITAL AUTHORITY

Estimated Project Costs and Sources of Funds

ESTIMATED PROJECT COSTS			
Five Story Nursing Tower	\$16,822,000	\$ —	\$16,822,000
Power Plant	—	4,329,000	4,329,000
Modernization of Existing Facilities	—	2,968,000	2,968,000
Other	125,000 ^①	—	125,000
Funded Interest	2,812,500	—	2,812,500
Funded State Insurance Premiums	225,000	—	225,000
Reserve Fund	651,000 ^②	—	651,000
Costs of Issuance	150,000	—	150,000
Total	\$20,785,500	\$ 7,297,000	\$28,082,500
ESTIMATED FUNDS TO BE AVAILABLE			
Bond Proceeds	15,352,000 ^③	—	15,352,000
Interest Earnings on Unexpended Bond Proceeds	791,500 ^④	—	791,500
Advances from District to Authority	4,025,000	(4,025,000)	—
Transfers from Revenue Fund to Construction Fund	617,000 ^⑤	—	617,000
Revenues from Hospital Operations	—	6,682,000	6,682,000
Contributions to Hospital	—	4,640,000 ^⑥	4,640,000
Total	\$20,785,500	\$ 7,297,000	\$28,082,500

① Consists of payment made to lessee of a portion of the El Mirador property in return for cancellation of lease.

② Balance required to bring amount in Reserve Fund to an amount equal to one-half of the maximum annual debt service on the 1977 Lease Revenue Bonds to be transferred from Revenue Fund following receipt of first payment of increased base rental.

③ Includes estimated accrued interest from March 1, 1977 to date of delivery of the bonds.

④ Estimated at five percent.

⑤ Amount by which base rental payments under original lease of El Mirador property exceed debt service on 1973 bonds during fiscal years ending June 30 of 1978 and 1979.

⑥ Amount pledged under fund raising campaign conducted by Desert Hospital Foundation in 1974 and 1975. As of April 30, 1977 approximately \$3,232,500 had been collected.

Source: Desert Hospital District Staff.

Table 2

DESERT HOSPITAL AUTHORITY 1973 AND 1977 REVENUE BONDS

Estimated Annual Bond Service

Year Ending March 1	1977 Issue				Actual Bond Service 1973 Issue	Total Bond Service Requirements
	Principal Outstanding	Interest Estimated At 6¼ %	Principal Maturing	Total Bond Service		
1978	\$15,000,000	\$ 937,500.00	\$ —	\$ 937,500.00	\$ 308,375.00	\$ 1,245,875.00
1979	15,000,000	937,500.00	—	937,500.00	301,375.00	1,238,875.00
1980	15,000,000	937,500.00	—	937,500.00	294,375.00	1,231,875.00
1981	15,000,000	937,500.00	325,000	1,262,500.00	287,375.00	1,549,875.00
1982	14,675,000	917,187.50	325,000	1,242,187.50	305,375.00	1,547,562.50
1983	14,350,000	896,875.00	375,000	1,271,875.00	296,625.00	1,568,500.00
1984	13,975,000	873,437.50	400,000	1,273,437.50	287,875.00	1,561,312.50
1985	13,575,000	848,437.50	425,000	1,273,437.50	305,062.50	1,578,500.00
1986	13,150,000	821,875.00	450,000	1,271,875.00	297,412.50	1,569,287.50
1987	12,700,000	793,750.00	500,000	1,293,750.00	289,612.50	1,583,362.50
1988	12,200,000	762,500.00	500,000	1,262,500.00	306,812.50	1,569,312.50
1989	11,700,000	731,250.00	550,000	1,281,250.00	297,625.00	1,578,875.00
1990	11,150,000	696,875.00	575,000	1,271,875.00	313,437.50	1,585,312.50
1991	10,575,000	660,937.50	625,000	1,285,937.50	302,937.50	1,588,875.00
1992	9,950,000	621,875.00	675,000	1,296,875.00	292,437.50	1,589,312.50
1993	9,275,000	579,687.50	700,000	1,279,687.50	306,937.50	1,586,625.00
1994	8,575,000	535,937.50	725,000	1,260,937.50	320,125.00	1,581,062.50
1995	7,850,000	490,625.00	775,000	1,265,625.00	307,000.00	1,572,625.00
1996	7,075,000	442,187.50	825,000	1,267,187.50	318,875.00	1,586,062.50
1997	6,250,000	390,625.00	875,000	1,265,625.00	304,437.50	1,570,062.50
1998	5,375,000	335,937.50	925,000	1,260,937.50	315,000.00	1,575,937.50
1999	4,450,000	278,125.00	1,000,000	1,278,125.00	—	1,278,125.00
2000	3,450,000	215,625.00	1,075,000	1,290,625.00	—	1,290,625.00
2001	2,375,000	148,437.50	1,150,000	1,298,437.50	—	1,298,437.50
2002	1,225,000	76,562.50	1,225,000	1,301,562.50	—	1,301,562.50
Totals		\$15,868,750.00	\$15,000,000	\$30,868,750.00	\$ 6,359,087.50	\$37,227,837.50

FINANCIAL DATA

Assessed Valuation

The assessed valuation of the Desert Hospital District is established by the Riverside County Assessor, except for utility property which is assessed by the State Board of Equalization. The State Board of Equalization reported that Riverside County assessed valuations for the 1976/77 fiscal year averaged 23.3 percent of full cash value. Utility property is reported to be assessed by the State at approximately 25 percent of the average State-wide full cash value.

Under Sections 218 and 219 of the Revenue and Taxation Code of the State of California, \$1,750 of the assessed valuation of an owner-occupied dwelling and 50 percent of the assessed valuation of business inventories are exempt from ad valorem taxes. However, these exemptions do not result in any loss of revenues to the District or to other local taxing agencies since under Part 1 of Division 4 of the Government Code of the State of California (commencing with Section 16100) an amount equivalent to the taxes which would have been payable on such exempt properties is reimbursed by the State.

The tabulation on the following page summarizes the 1976/77 assessed valuations of the District, before and after provision for these exemptions.

The growth in the assessed valuation of the District which occurred over the past five years is summarized below.

DESERT HOSPITAL DISTRICT

Assessed Valuations

1972/73	\$275,038,939
1973/74	315,498,996
1974/75	357,219,163
1975/76	386,902,174
1976/77	417,654,230

Source: Riverside County Auditor-Controller.

Tax Rates

Desert Hospital District taxes are collected by the Riverside County Tax Collector. District taxes are collected on the same rolls and in the same manner as county and school district taxes. Taxes are payable in two installments on November 1

DESERT HOSPITAL DISTRICT

1976/77 Assessed Valuation

	Net Assessed Valuation	Homeowners' and Business Inventory Exemptions	Assessed Valuation For Revenue Purposes
Secured Roll	\$301,060,895	\$20,191,998	\$321,252,893
Utility Roll	23,163,028	2,510	23,165,538
Unsecured Roll	68,276,179	4,959,620	73,235,799
Total	\$392,500,102	\$25,154,128	\$417,654,230

Source: Riverside County Auditor-Controller.

and February 1 and become delinquent on December 10 and April 10, except for taxes on certain property which is assessed on the unsecured roll. Unsecured taxes are assessed on March 1 and become delinquent on the following August 31.

The District increased the tax rate for capital outlays to the legal maximum of .2040 per \$100 assessed valuation in the 1969/70 fiscal year and has maintained this rate each year to date.

The tax rates levied by the Desert Hospital District for the past five fiscal years are shown below.

DESERT HOSPITAL DISTRICT

Secured Tax Rates Per \$100 Assessed Valuation

Year	Capital Expenditures	Bond Service	Total
1972/73	\$.204	\$.035	\$.239
1973/74 .....	.204	.028	.232
1974/75 .....	.204	.026	.230
1975/76 .....	.204	.024	.228
1976/77 .....	.204	.016	.220

Source: Riverside County Auditor-Controller.

The total 1976/77 tax rate for the two largest code areas in the District are summarized in the tabulation at the top of the following page. These two tax rate areas comprise 49.0 percent of the assessed valuation of the District.

Tax Levies and Delinquencies

Shown in the following column is a summary of District secured tax levies for the past five years, together with the amount and percent of current year taxes delinquent on June 30 of each year.

DESERT HOSPITAL DISTRICT

Secured Tax Levies and Delinquencies

Fiscal Year	Adjusted Secured Tax Levy	Delinquent June 30	
		Amount	Percent
1971/72	\$500,659	\$20,979	4.19%
1972/73	546,727	19,005	3.48
1973/74	575,597	23,358	4.06
1974/75	644,450	28,708	4.45
1975/76	688,366	28,953	4.21

Source: Riverside County Auditor-Controller.

The amounts of prior year taxes remitted in each fiscal year are not readily available. However, prior year tax remittances to the City of Palm Springs are indicative of the performance of the District since the City represents 51.99 percent of the District's 1976/77 assessed valuation. Percentages of adjusted current secured tax levies collected for the City of Palm Springs during the past five fiscal years are summarized in the tabulation on the following page. The percentages shown in column on the left represent the percent of current year taxes collected while those listed in the other column also include prior year redemptions.

DESERT HOSPITAL DISTRICT

Largest Tax Rate Areas

1976/77 Secured Tax Rates Per \$100 Assessed Valuation

	Code Area 11-003 Palm Springs	Code Area 18-001 Palm Desert
Desert Hospital District	\$.220	\$.220
Riverside County	2.923	3.244
City of Palm Springs	2.120	—
City of Palm Desert	—	.000
Schools	5.154	6.563
Other	1.091	.703
TOTAL TAX RATE (ALL ROLLS)	\$ 11.508	\$ 10.730
Citrus Pest Control	\$ 11.862①	\$ 11.862①
Storm Water Control		\$.430②
ASSESSED VALUATION	\$176,881,379	\$27,870,879

① Levied only on trees grown commercially.

② Levied on land and improvements only.

Source: Riverside County Auditor-Controller.

CITY OF PALM SPRINGS

Secured Tax Collections

Fiscal Year	Percentage of Adjusted Current Secured Tax Levy	
	Current Year Collections	Total Collections
1971/72	95.19%	97.26%
1972/73	95.99	99.71
1973/74	95.99	98.36
1974/75	96.59	101.07
1975/76	96.82	98.58

Source: Riverside County Auditor-Controller.

During fiscal year 1975/76 total secured tax collections for the District equaled 99.64 percent of the current levy compared to the 98.58 percent reported for Palm Springs.

Employee Retirement

The District's employees are covered by the Social Security Retirement System and by a noncontributory

pension plan. The noncontributory plan covers all personnel who work a minimum of 20 hours per week for at least five months per year. Administration of the District's pension plan is handled by Bankers Life Company of Des Moines, Iowa.

The District's contribution to the pension plan totaled \$181,447 for the year ended June 30, 1976 and \$156,736 for the year ended June 30, 1975. These costs include amortization of eligible pension service credits earned by employees prior to commencement of the District's pension plan on July 1, 1971. This obligation will be fully satisfied by the fiscal year ending 1994. The District's policy is to fund pension costs when accrued. At June 30, 1976 the plan's assets exceeded the actuarial estimate of vested benefits according to William M. Mercer, Incorporated, consulting actuaries, of Los Angeles, California.

Litigation

The District is periodically named in lawsuits related to professional liability. Legal counsel has

indicated the District has adequate professional liability insurance coverage in connection with lawsuits of this nature in which the District is currently named. In addition, legal counsel for the District has indicated that in their opinion, the District has no liability in connection with a lawsuit brought by a doctor which claims damages in excess of \$3,000,000.

Audited Financial Statements

Tables 3, 4, 5, 6 and 7, which follow, present summaries of financial data which have been abstracted from reports on examinations of financial statements prepared by the District's and the Authority's independent certified public accountants. The reports state that the examinations were made in accordance with generally accepted accounting procedures and contain opinions that the financial statements present fairly the position of the District and the Authority.

The reports contain certain notes to the financial statements in addition to those contained in the footnotes to Tables 3, 4, 5, 6 and 7. Copies of these reports are on file with the District and are available upon request of the Executive Director of the District.

The District's records are maintained on the accrual method of accounting. The Authority records are maintained on a cash basis but the audited financial statements of the Authority are adjusted to the accrual basis to reflect revenue bond principal and interest payable and accrued expenses.

The summaries of Authority financial statements include combined statements of the various funds of the Authority created in connection with the 1967 and 1973 Authority revenue bonds. However, it should be noted that the purposes for which the various independent funds of the Authority may be used are restricted under the terms of the resolutions providing for the issuance of the 1967 and the 1973 revenue bonds. The restrictions on the uses of the funds created in connection with the 1973 bonds are described on pages 9 and 10 of this official statement. The restrictions on the uses of the funds created in connection with the 1967 bonds are similar with the exception of the differences in the dates on which deposits into, and payment from, the funds must be made.

DISTRICT BALANCE SHEETS

Table 3 presents a comparison of the District's assets, liabilities and fund balances as of June 30, 1976 and 1975.

The District is obligated under noncancellable leases for equipment and real property through the year 2028. The aggregate of the minimum rental commitments under all such leases amounted to \$19,059,476 as of June 30, 1975 and \$18,798,443 as of June 30, 1976.

DISTRICT REVENUES, EXPENDITURES AND FUND BALANCES

Table 4 presents a five-year summary of the District's revenues and expenditures.

The District's fund balances consist of unrestricted and restricted funds. Unrestricted funds represent the District's general fund plus its plant and equipment replacement fund, whereas restricted funds consist of donor designated funds and the debt service fund.

AUTHORITY BALANCE SHEETS

Table 6 presents a combined statement of the assets, liabilities and fund balances of the various funds of the Desert Hospital Authority as of June 30, 1976 and 1975.

Investments in marketable securities, construction in progress and properties leased to the Desert Hospital District appear on the Authority's balance sheets at cost. The Authority does not record depreciation or amortization of its fixed assets since it is not considered an enterprise activity.

AUTHORITY REVENUES, EXPENDITURES AND FUND BALANCES

Table 7 presents a summary of the Desert Hospital Authority's revenues, expenditures and changes in fund balances over the five-year period ended June 30, 1976.

Unaudited Financial Statements

Tables 8, 9, 10, 11 and 12 present summaries of unaudited interim financial statements of the District and the Authority.

The summaries of interim District financial data were abstracted from statements prepared by the District in accordance with generally accepted accounting principles.

The summaries of interim Authority financial data were abstracted from reports furnished by the trustees of the Authority's funds.

DISTRICT INTERIM BALANCE SHEETS

Table 8 presents unaudited balance sheets for the District as of March 31, 1977.

DISTRICT INTERIM REVENUES, EXPENDITURES AND FUND BALANCES

Table 9 consists of unaudited combined statements of District revenues and expenditures for the nine month periods ending March 31, 1976 and 1977.

Table 10 presents unaudited combined statements of changes in District fund balances for the nine month period ending March 31, 1977.

AUTHORITY INTERIM BALANCE SHEETS

Table 11 presents unaudited combined balance sheets for the Authority as of March 31, 1977.

AUTHORITY INTERIM REVENUES, EXPENDITURES AND FUND BALANCES

Table 12 consists of an unaudited summary of the Authority's revenues, expenditures and fund balances for the nine month periods ending March 31, 1976 and 1977.

Direct and Overlapping Bonded Debt

The Desert Hospital District has issued two series of general obligation bonds, \$350,000 dated December 12, 1956 and \$1,295,000 dated February 1, 1964. The 1956 bond issue was fully retired in 1976. There are \$765,000 of the 1964 bonds outstanding which are scheduled to mature in a principal amount of \$45,000 each on February 1 of the years 1978 through 1994.

The District also has lease obligations securing the following Desert Hospital Authority Revenue Bonds:

Date of the Bonds	Original Amount	Outstanding 6/21/77	Final Maturity
6/1/67	\$3,000,000	\$2,530,000	6/1/97
3/1/73	4,000,000	3,750,000	3/1/98

Table 13 presents a summary of the District's direct and overlapping bonded debt as of June 21, 1977.

Table 3
DESERT HOSPITAL DISTRICT
Combined Balance Sheets

	June 30, 1976	June 30, 1975
ASSETS		
Unrestricted Funds:		
Current assets:		
Cash and short-term time deposits	\$	\$ 127,167
Accounts receivable, patients (less allowance for doubtful accounts of \$423,000 in 1976 and \$335,000 in 1975)	3,201,214	2,562,091
Receivables, other	502,297	253,189
Receivables from health insurance programs		114,594
Loans to other funds	595,309	827,898
Inventories, pharmacy and stores	256,508	270,734
Prepaid expenses, principally lease and interest	542,676	561,984
Total current assets	<u>5,098,004</u>	<u>4,717,657</u>
Fixed assets:		
Property, plant and equipment, at cost	15,013,590	12,540,070
Less, accumulated depreciation ^①	3,608,350	3,121,078
Total fixed assets	<u>11,405,240</u>	<u>9,418,992</u>
Donated property held for sale	689,646	297,548
Plant and equipment replacement fund		
Short-term time deposits	1,371,127	1,731,929
Due from restricted funds	193,948	193,948
Total plant and equipment replacement fund	<u>1,565,075</u>	<u>1,925,877</u>
Total unrestricted fund assets	<u>\$18,757,965</u>	<u>\$16,360,074</u>
Restricted Funds: ^②		
Cash and short-term time deposits	\$ 4,139,223	\$ 3,273,948
Due from unrestricted funds	237,321	199,568
Pledges receivable	2,199,022	2,442,726
Total restricted fund assets	<u>\$ 6,575,566</u>	<u>\$ 5,916,242</u>
Funds Held For Others: ^③		
Due from other funds	\$ 24,434	\$ 26,073
Total funds held for others	<u>\$ 24,434</u>	<u>\$ 26,073</u>
Total Assets	<u>\$25,357,965</u>	<u>\$22,302,389</u>

① Depreciation is calculated using the straight-line method.

② Restricted funds consist of gifts and grants from donors and other third parties for property, plant, equipment and specific operating purposes which are to be used only in accordance with limitations placed on them, plus debt service funds held by the Riverside County Treasurer and disbursed on behalf of the District. Included are the assets, liabilities and fund balances of the Desert Hospital Foundation, a separately incorporated entity, as follows:

	1976	1975
Assets	\$6,769,836	\$5,972,387
Less: Liabilities	636,603	888,609
Fund	<u>\$6,133,233</u>	<u>\$5,083,778</u>

Intercompany receivables and payables in the Desert Hospital District and the Desert Hospital Foundation have been eliminated. No intercompany profits are reflected in the District's financial statements.

Gifts and grants of property, plant and equipment are transferred to the unrestricted fund balance when expended, while those for specific operating purposes are reported as nonoperating revenue when expended. Such restricted gifts and grants are initially included in the restricted fund, whereas unrestricted gifts and grants are reported as nonoperating revenue.

	June 30, 1976	June 30, 1975
LIABILITIES AND FUND BALANCES		
Unrestricted Funds:		
Current liabilities:		
Temporary cash overdraft ^①	\$ 236,949	\$
Bonds payable	65,000	65,000
Construction accounts and retention payable	336,953	
Note payable		7,105
Accounts payable	754,609	713,142
Accrued payroll, vacation and related taxes	1,069,133	897,958
Accrued expenses, other	217,479	198,497
Payable to health insurance programs	356,736	
Financing advance, health insurance programs ^⑤	74,400	80,000
Loans from other funds	250,383	305,904
Total current liabilities	3,361,642	2,267,606
Deferred third-party reimbursement ^⑥	490,376	719,944
Long-term debt:		
Contract payable ^⑦	2,299,934	2,366,264
Bonds payable	765,000	830,000
Total long-term debt	3,064,934	3,196,264
General fund balance, as annexed	10,275,938	8,250,383
Plant and equipment replacement fund balance, as annexed ^⑧	1,565,075	1,925,877
Total unrestricted fund balances	11,841,013	10,176,260
Total unrestricted liabilities and fund balances	\$18,757,965	\$16,360,074
Restricted Funds: ^②		
Due to other funds	\$ 800,629	\$ 941,583
Fund balance, as annexed	5,774,937	4,974,659
Total restricted liabilities and fund balances	\$ 6,575,566	\$ 5,916,242
Funds Held For Others ^③	\$ 24,434	\$ 26,073
Total Liabilities and Fund Balances	\$25,357,965	\$22,302,389

③ Funds held for others consist of funds held by the District as agent for a physicians association. The funds are comprised primarily of membership dues and the District does not have any authority for their disbursement.

① The District covered its June 30, 1976 cash overdraft by transferring \$703,785 to the general fund on July 2, 1976. The transferred cash was derived from the maturity of short-term time deposits formerly held in the plant and equipment replacement fund.

⑤ The financing advance consists of a draw from Medicare against which appropriate future patient fees are charged.

⑥ The deferred third party reimbursement reflects the fact that, for purposes of health insurance program reimbursements the District claims accelerated depreciation on certain assets, whereas for District accounting purposes straight-line depreciation is charged for all assets. In past years the effect of this practice was that the District received reimbursements for depreciation in excess of the charges shown on its own books. The excess amounts were booked to deferred third party reimbursements. At present however, depreciation charges shown on the District books are in excess of depreciation claimed for reimbursement purposes and offsetting amounts are now transferred from this category to income.

⑦ The contract payable represents capitalization of a lease purchase agreement. Annual payments are \$201,825 including principal and interest. The contract is collateralized by real property with a cost of \$2,742,235 and matures in June 1997.

⑧ The plant and equipment replacement fund consists of funded depreciation and was established during the fiscal year ending June 30, 1969.

Table 4

DESERT HOSPITAL DISTRICT

Combined Statement of Revenues and Expenditures

Fiscal Year:	1971/72	1972/73	1973/74	1974/75	1975/76
REVENUES					
Gross revenue from patient services ^① . . .	\$8,262,591	\$ 9,950,380	\$12,232,486	\$13,901,452	\$16,962,233
Less, deductions from revenue	193,211	453,095	616,143	410,837	1,263,085
Net revenue from patient services	\$8,069,380	\$ 9,497,285	\$11,616,343	\$13,490,615	\$15,699,148
Other operating revenues	44,627	88,433	77,763	261,877	327,192
Total Operating Revenues	\$8,114,007	\$ 9,585,718	\$11,694,106	\$13,752,492	\$16,026,340
Tax revenue	593,687	659,927	733,901	820,820	867,108
Unrestricted contributions	89,344	130,540	528,655	234,039	290,285
Unrestricted income from appropriated and restricted fund investments	108,554	134,115	314,306	433,205	281,042
Other non-operating revenues	—	—	11,240	7,368	11,764
Total Revenues	\$8,905,592	\$10,510,300	\$13,282,208	\$15,247,924	\$17,476,539
OPERATING EXPENDITURES					
Salaries, fees and services	\$5,367,948	\$ 5,706,633	\$ 8,396,001	\$ 9,785,995	\$10,701,491
Operating supplies and expense	2,346,980	3,063,633	2,369,540	3,518,463	3,836,040
Interest	203,082	211,682	276,468	293,500	187,779
Loss on retirement of plant and equip- ment	110,396	47,325	33,223	66,188	28,978
Lease rental payments	—	529,738	849,737	1,009,337	1,147,686
Total Operating Expenditures	\$8,028,406	\$ 9,559,011	\$11,924,969	\$14,673,483	\$15,901,974
NET REVENUES BEFORE EXTRA- ORDINARY ITEM	\$ 877,186	\$ 951,289	\$ 1,357,239	\$ 574,441	\$ 1,574,565
OTHER EXPENDITURES					
Fund raising expenses, net of \$94,968 funding from restricted funds	\$ —	\$ —	\$ —	\$ 106,974	\$ 44,216
NET REVENUES	\$ 877,186	\$ 951,289	\$ 1,357,239	\$ 467,467	\$ 1,530,349
Depreciation	308,840	380,559	590,243	615,584	637,227
NET INCOME (LOSS)	\$ 568,346	\$ 570,730 ^②	\$ 766,996	(\$ 148,117)	\$ 893,112

① Patient service revenues are accounted for at existing rates with certain allowances reported as deductions from gross revenues.

② Net income for the 1972/73 fiscal year was subsequently restated at \$639,977, an increase of \$69,247 as explained in the first footnote to Table 5.

Table 5

DESERT HOSPITAL DISTRICT

Combined Statements of Changes in Fund Balances

Fiscal Year:	1971/72	1972/73	1973/74	1974/75	1975/76
BEGINNING FUND BALANCES					
Unrestricted Funds	\$6,273,390	\$7,799,402	\$ 8,795,225	\$ 9,677,569	\$10,176,260
Restricted Funds	1,023,516	661,841	774,404	1,685,726	4,974,659
Total Beginning Balance	<u>\$7,296,906</u>	<u>\$8,461,243</u>	<u>\$ 9,569,629</u>	<u>\$11,363,295</u>	<u>\$15,150,919</u>
ADJUSTMENTS TO FUND BALANCES					
Unrestricted Funds					
Net income (loss)	\$ 568,346	\$ 570,730	\$ 766,996	(\$ 148,117)	\$ 893,122
Prior year net income adjustment			69,247 ^①	—	
Donated property, plant and equipment			29,852	222,168	482,947
Transfers from restricted funds to finance plant purchases	957,666	478,754	18,104	456,596	292,304
Reclassification of County held funds ..		(48,857) ^②			
Expenditures for hospital operations ...		(4,804)			
Transfers to restricted funds			(1,855)	(31,956)	(3,620)
Net adjustments —					
Unrestricted Funds	<u>\$1,526,012</u>	<u>\$ 995,823</u>	<u>\$ 882,344</u>	<u>\$ 498,691</u>	<u>\$ 1,664,753</u>
Restricted Funds					
Restricted revenues	\$ 694,486	\$ 645,046	\$ 1,070,439	\$ 3,953,469	\$ 1,263,182
Transfers from unrestricted funds			1,855	31,956	3,620
Reclassification of County held funds ..		48,857 ^②			
Transfers to finance plant purchases and expansion	(957,666)	(478,754)	(18,104)	(456,596)	(292,304)
Expenditures for hospital operations ...	(98,495)	(102,586)	(142,028)	(239,896)	(174,220)
Transfers to funds held for others			(840)		
Net adjustments —					
Restricted Funds	<u>(\$ 361,675)</u>	<u>\$ 112,563</u>	<u>\$ 911,322</u>	<u>\$ 3,288,933</u>	<u>\$ 800,278</u>
Total adjustments —					
All Funds	<u>\$1,164,337</u>	<u>\$1,108,386</u>	<u>\$ 1,793,666</u>	<u>\$ 3,787,624</u>	<u>\$ 2,465,031</u>
ENDING FUND BALANCES					
Unrestricted Funds	\$7,799,402	\$8,795,225	\$ 9,677,569	\$10,176,260	\$11,841,013
Restricted Funds	661,841	774,404	1,685,726	4,974,659	5,774,937
Total Ending Balance	<u>\$8,461,243</u>	<u>\$9,569,629</u>	<u>\$11,363,295</u>	<u>\$15,150,919</u>	<u>\$17,615,950</u>

① During 1973 the contract auditors for the Medicare program ruled that the costs of architectural drawings for an abandoned project, which had been booked as an expense in 1971, should instead be amortized over a period of 25 years for purposes of claiming cost reimbursements. To reflect this the District's contractual allowance for the year ended June 30, 1973 should have been reduced by \$69,247 which would result in an equal increase in net income for the period.

② The County held funds (i.e. debt service tax levies collected by the County of Riverside as trustee for the District) originally appeared in the unrestricted fund balance. During fiscal year 1972/73 it was decided to reclassify these funds as restricted.

Table 6

DESERT HOSPITAL AUTHORITY
Combined Balance Sheets

Fiscal Year:	June 30, 1976	June 30, 1975
ASSETS		
Cash and short-term time deposits:		
Revenue Fund	\$ 56,197	\$ 48,339
Interest Fund	45,019	17,772
Retirement Fund	3,310	10,805
Reserve Fund	39,940	16,669
Working Capital Fund	3,706	3,514
Total Cash and short-term time deposits ^①	<u>\$ 148,172</u>	<u>\$ 97,099</u>
U.S. Treasury Bills, Notes and other Federal securities, at cost:		
Revenue Fund	\$ 258,245	\$ 180,105
Interest Fund		9,726
Reserve Fund	461,038	460,936
Total U.S. Treasury and other Federal securities ^①	<u>\$ 719,283</u>	<u>\$ 650,767</u>
Due from other funds	<u>\$ 155,622</u>	<u>\$ 155,622</u>
Properties leased to the Desert Hospital District at cost:		
Building	2,810,817	2,810,817
Land rights	4,152,882	4,152,882
Construction in progress, at cost	125,000 ^②	
Amounts available for retirement of bonded indebtedness	33,185	33,582
Amounts to be provided for retirement of bonded indebtedness	10,882,692	11,376,693
Total Assets ^①	<u><u>\$19,027,653</u></u>	<u><u>\$19,277,462</u></u>
LIABILITIES AND FUND BALANCES		
Accounts payable, Desert Hospital District	\$ 256,774	\$ 122,877
Interest coupons not presented when due	15,144	4,721
Due to other funds	155,622	155,622
Bond indebtedness, including future interest	10,915,877	11,410,275
Total Liabilities ^①	<u>\$11,343,417</u>	<u>\$11,693,495</u>
Fund Balances (Deficit), as annexed:		
Revenue Fund	\$ 158,820	\$ 72,822
Interest Fund	29,875	22,777
Retirement Fund	3,310	10,805
Reserve Fund	500,978	477,605
Plant Fund	7,088,699	6,963,699
Working Capital Fund	(97,446)	36,259
Total Fund Balances, as annexed ^①	<u>\$ 7,684,236</u>	<u>\$ 7,583,967</u>
Total Liabilities and Fund Balances ^①	<u><u>\$19,027,653</u></u>	<u><u>\$19,277,462</u></u>

① The purposes for which the moneys in the various funds of the Authority created in connection with the 1967 and 1973 revenue bonds of the Authority may be used are restricted. The restrictions on the uses of the funds created in connection with the 1973 bonds are explained on pages 9 and 10 of this official statement. The restrictions on the uses of the funds created in connection with the 1967 bonds are generally the same.

② Payments to a lessee for the early termination of a lease by the Desert Hospital District as explained in Table 7, footnote ⑤.

Table 7

DESERT HOSPITAL AUTHORITY

Revenues, Expenditures and Fund Balances

Fiscal Year:	1971/72	1972/73	1973/74	1974/75	1975/76
BEGINNING FUND BALANCES					
(DEFICIT):					
Revenue Fund	\$ 11,509	\$ 9,154	(\$132,399)	\$ 3,200	\$ 72,822
Interest Fund	(6,508)	(6,557)	117,521	13,806	22,777
Retirement Fund	2,836	2,844	2,470	3,961	10,805
Reserve Fund	53,346	65,083	306,224	455,259	477,605
Working Capital Fund	2,943	3,076	3,175	2,978	36,259
Total Beginning Fund Balances ^①	\$ 64,126	\$ 73,600	\$296,991	\$479,204	\$ 620,268
Adjustment to Beginning Fund Balances					6,963,699 ^②
Total Adjusted Beginning Fund Balances ^①	\$ 64,126	\$ 73,600	\$296,991	\$479,204	\$7,583,967
REVENUES:					
Rental	\$201,825	\$ 349,756	\$536,825	\$536,825	\$ 536,825
Interest:					
Revenue Fund	\$ 895	\$ 742	\$ 9,170	\$ 15,070	\$ 14,387
Interest Fund	5,494	4,583	13,335	16,448	11,867
Retirement Fund	2,844	2,470	3,961	8,934	6,172
Reserve Fund	12,010	11,471	36,717	35,496	34,123
Working Capital Fund	133	99	162	176	192
Total Interest ^①	\$ 21,376	\$ 19,365	\$ 63,345	\$ 76,124	\$ 66,741
Other	\$	\$4,008,811 ^③	\$ 10,082	\$ 40,055	\$ 368
Total Revenues ^①	\$223,201	\$4,377,932	\$610,252	\$653,004	\$ 603,934
EXPENDITURES:					
Administrative expenses	\$ 10,852	\$ 2,000	\$ 2,329	\$ 6,950	\$ 9,265
Bond principal reduction	55,000	55,000	60,000	140,000	140,000
Interest	147,875	144,575	365,710	364,990	354,400
Bond issuance costs		152,882			
Purchase of land rights		4,000,000			
Total Expenditures ^①	\$213,727	\$4,354,457	\$428,039	\$511,940	\$ 503,665
NET REVENUES	\$ 9,474	\$ 23,475	\$182,213	\$141,064	\$ 100,269
Adjustment to Fund Balances	—	199,916 ^④	—	—	—
NET CHANGE IN FUND BALANCES	\$ 9,474	\$ 223,391	\$182,231	\$141,064	\$ 100,269
ENDING FUND BALANCES (DEFICIT):					
Revenue Fund	\$ 9,154	(\$ 132,399)	\$ 3,200	\$ 72,822	\$ 158,820
Interest Fund	(6,557)	117,521	13,806	22,777	29,875
Retirement Fund	2,844	2,470	3,961	10,805	3,310
Reserve Fund	65,083	306,224	455,259	477,605	500,978
Plant Fund					7,088,699
Working Capital Fund	3,076	3,175	2,978	36,259	(97,446) ^⑤
Total Ending Fund Balances ^①	\$ 73,600	\$ 296,991	\$479,204	\$620,268	\$7,684,236

① The purposes for which the moneys in the various funds of the Authority created in connection with the 1967 and 1973 revenue bonds of the Authority may be used are restricted. The restrictions on the uses of the funds created in connection with the 1973 bonds are explained on pages 9 and 10 of this official statement. The restrictions on the uses of the funds created in connection with the 1967 bonds are generally the same.

② Reflects the inclusion of the June 30, 1975 Plant Fund balance in this statement.

③ Proceeds from the sale of the 1973 Revenue Bonds.

④ The adjustment resulted from the elimination of a receivable item in the Bonded Indebtedness Fund. (The Bonded Indebtedness Fund, which reflects bond payments due in the future, is not included in the summaries of financial statements included in this official statement.) The receivable was eliminated in order to conform with Generally Accepted Accounting Principles. The effect of this adjustment was to increase the Interest Fund by \$12,050 and the Reserve Fund by \$187,866.

⑤ The June 30, 1976 deficit in the Working Capital Fund resulted from the transfer of \$125,000 to the Plant Fund for the purpose of compensating a lessee, who operates a television station on the hospital premises, for early termination of the lease. Such termination was necessary to accommodate the hospital's expansion program. This amount was capitalized as "Construction in Progress" in the Plant Fund. The June 30, 1976 Working Capital Fund deficit could be covered, if necessary, from amounts held in certain other Authority Funds which were in excess of the balances required.

Table 8
DESERT HOSPITAL DISTRICT
Combined Balance Sheets (Unaudited)

	March 31, 1977
ASSETS	
Unrestricted Funds:	
Current assets:	
Cash and short-term time deposits	\$ 355,124
Accounts receivable, patients (less allowance for doubtful accounts of \$502,580)	3,694,166
Receivables, other	489,815
Loans to other funds	207,473
Inventories, pharmacy and stores	241,243
Prepaid expenses, principally lease and interest	198,627
Total current assets	<u>5,186,448</u>
Fixed assets:	
Property, plant and equipment, at cost	17,822,660
Less, accumulated depreciation	4,069,556
Total fixed assets	<u>13,753,104</u>
Donated property held for sale	<u>543,607</u>
Plant and equipment replacement fund	
Short-term time deposits	66,000
Due from restricted funds	
Total plant and equipment replacement fund	<u>66,000</u>
Total unrestricted fund assets	<u>\$19,549,159</u>
Restricted Funds:	
Cash and short-term time deposits	\$ 3,168,755
Due from unrestricted funds	238,328
Pledges receivable	1,745,047
Total restricted fund assets	<u>\$ 5,152,130</u>
Funds Held For Others:	
Due from other funds	\$ 27,380
Total funds held for others	<u>\$ 27,380</u>
Total Assets	<u>\$24,728,669</u>

March 31, 1977

LIABILITIES AND FUND BALANCES

Unrestricted Funds:

Current liabilities:

Bonds payable	\$ 50,497
Construction accounts and retention payable	443,889
Accounts payable	256,467
Accrued payroll, vacation and related taxes	1,082,822
Accrued expenses, other	258,139
Payable to health insurance programs	223,038
Financing advance, health insurance programs	86,900
Loans from other funds	265,823
Total current liabilities	<u>2,667,575</u>

Deferred third-party reimbursement	<u>490,376</u>
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Long-term debt:

Contract payable	2,321,850
Bonds payable	724,000
Total long-term debt	<u>3,045,850</u>

General fund balance, as annexed	13,279,358
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Plant and equipment replacement fund balance, as annexed	66,000
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Total unrestricted fund balances	<u>13,345,358</u>
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Total unrestricted liabilities and fund balances	<u>\$19,549,159</u>
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Restricted Funds:

Due to other funds	\$ 207,484
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Fund balance, as annexed	<u>4,944,646</u>
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Total restricted liabilities and fund balances	<u>\$ 5,152,130</u>
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Funds Held For Others	<u>\$ 27,380</u>
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Total Liabilities and Fund Balances	<u><u>\$24,728,669</u></u>
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Table 9
DESERT HOSPITAL DISTRICT
Combined Revenues and Expenditures (Unaudited)

Nine Month Period Ending:	March 31, 1976	March 31, 1977
REVENUES		
Gross revenue from patient services	\$12,593,866	\$13,858,235
Less, deductions from revenue	1,220,751	1,057,249
Net revenue from patient services	\$11,373,115	\$12,800,896
Other operating revenues	242,451	217,620
Total Operating Revenues	\$11,615,566	\$13,018,606
Tax revenue	650,331	621,811
Unrestricted contributions	169,985	110,038
Unrestricted income from appropriated and restricted fund investments	189,230	168,506
Other non-operating revenues	13,639	4,571
Total Revenues	\$12,638,751	\$13,923,532
OPERATING EXPENDITURES		
Salaries, fees and services	\$ 7,857,065	\$ 9,102,321
Operating supplies and expense	2,851,193	3,056,472
Interest	152,494	144,521
Loss on retirement of plant and equipment	—	16,118
Lease rental payments	849,272	883,514
Total Operating Expenditures	\$11,710,024	\$13,202,946
NET REVENUES BEFORE EXTRAORDINARY ITEM	\$ 928,727	\$ 720,586
OTHER EXPENDITURES		
Fund raising expenses	\$ 44,216	\$ —
NET REVENUES	\$ 884,511	\$ 720,586
Depreciation	477,815	471,337
NET INCOME	\$ 406,696	\$ 249,249

Table 10**DESERT HOSPITAL DISTRICT****Combined Statement of Changes in Fund Balances (Unaudited)**

Nine Month Period Ending:		March 31, 1977
BEGINNING FUND BALANCES, JULY 1:		
Unrestricted Funds		\$11,841,013
Restricted Funds		5,774,937
Total Beginning Balance		<u>\$17,615,950</u>
ADJUSTMENTS TO FUND BALANCES		
Unrestricted Funds		
Net income		\$ 249,249
Donated property, plant and equipment		2,967
Transfers from restricted funds to finance plant purchases		1,252,129
Transfers to restricted funds		
Net adjustments — Unrestricted Funds		<u>\$ 1,504,345</u>
Restricted Funds		
Restricted revenues		\$ 458,046
Transfers from unrestricted funds		
Transfers to finance plant purchases and expansion		(1,252,129)
Expenditures for hospital operations		(36,208)
Net adjustments — Restricted Funds		<u>(\$ 830,291)</u>
Total adjustments — All Funds		<u>\$ 674,054</u>
ENDING FUND BALANCES, MARCH 31:		
Unrestricted Funds		\$13,345,358
Restricted Funds		4,944,646
Total Ending Balance		<u>\$18,290,004</u>

Table 11

DESERT HOSPITAL AUTHORITY

Combined Balance Sheets (Unaudited)

	March 31, 1977
A S S E T S	
Cash and short-term time deposits:	
Revenue Fund	\$ 354,501
Interest Fund	138,474
Retirement Fund	73,293
Reserve Fund	191,980
Working Capital Fund	3,841
Total Cash and short-term time deposits ^①	<u>\$ 762,089</u>
U.S. Treasury Bills, Notes and other Federal securities, at cost (market \$335,200):	
Revenue Fund	\$
Reserve Fund	344,367
Total U.S. Treasury and other Federal securities ^①	<u>\$ 344,367</u>
Due from other funds	\$ 155,622
Properties leased to the Desert Hospital District at cost:	
Building	2,810,817
Land rights	4,152,882
Construction in progress, at cost	125,000 ^②
Amounts available for retirement of bonded indebtedness	196,624
Amounts to be provided for retirement of bonded indebtedness	10,338,941
Total Assets ^①	<u>\$18,886,342</u>
LIABILITIES AND FUND BALANCES	
Accounts payable, Desert Hospital District	\$ 263,156
Interest coupons not presented when due	33,485
Due to other funds	155,622
Bond indebtedness, including future interest	10,535,565
Total Liabilities ^①	<u>\$10,987,828</u>
Fund Balances (Deficit), as annexed:	
Revenue Fund	\$ 198,879
Interest Fund	104,989
Retirement Fund	73,293
Reserve Fund	536,347
Plant Fund	7,088,699
Working Capital Fund	(103,693)
Total Fund Balances, as annexed ^①	<u>\$ 7,898,514</u>
Total Liabilities and Fund Balances	<u>\$18,886,342</u>

① The purposes for which the moneys in the various funds of the Authority created in connection with the 1967 and 1973 revenue bonds of the Authority may be used are restricted. The restrictions on the uses of the funds created in connection with the 1973 bonds are explained on pages 9 and 10 of this official statement. The restrictions on the uses of the funds created in connection with the 1967 bonds are generally the same.

② Payments to a lessee for the early termination of a lease by the Desert Hospital District as explained in Table 7, footnote ⑤.

Table 12

DESERT HOSPITAL AUTHORITY

Revenues, Expenses and Fund Balances (Unaudited)

Nine Month Period Ending:	March 31, 1976	March 31, 1977
BEGINNING FUND BALANCES (DEFICIT), JULY 1:		
Revenue Fund	\$ 72,822	\$ 158,820
Interest Fund	22,777	29,875
Retirement Fund	10,805	3,310
Reserve Fund	477,605	500,978
Plant Fund	6,963,699	7,088,699
Working Capital Fund	36,259	(97,446)
Total Beginning Fund Balances ^①	\$7,583,967	\$7,684,236
REVENUES:		
Rental	\$ 536,825	\$ 536,825
Interest:		
Revenue Fund	\$ 14,387	\$ 17,799
Interest Fund	9,364	7,551
Retirement Fund	2,990	3,293
Reserve Fund	34,124	35,369
Working Capital Fund	144	135
Total Interest ^①	\$ 61,009	\$ 64,147
Other	\$ 368	\$ 168
Total Revenues	\$ 598,202	\$ 601,140
Administrative expenses	\$ 9,266	\$ 6,550
Bond principal reduction	75,000	100,000
Interest	287,513	280,312
Total Expenditures ^①	\$ 371,779	\$ 386,862
NET REVENUES ^①	\$ 226,423	\$ 214,278
ENDING FUND BALANCES (DEFICIT), MARCH 31:		
Revenue Fund	\$ 157,250	\$ 198,879
Interest Fund	94,259	104,989
Retirement Fund	65,128	73,293
Reserve Fund	502,548	536,347
Plant Fund	7,088,699	7,088,699
Working Capital Fund	(97,494)	(103,693)
Total Ending Fund Balances ^①	\$7,810,390	\$7,898,514

① The purposes for which the moneys in the various funds of the Authority created in connection with the 1967 and 1973 revenue bonds of the Authority may be used are restricted. The restrictions on the uses of the funds created in connection with the 1973 bonds are explained on pages 9 and 10 of this official statement. The restrictions on the uses of the funds created in connection with the 1967 bonds are generally the same.

Table 13

DESERT HOSPITAL DISTRICT**Statement of Direct and Overlapping Bonded Debt**

Population	66,811 ^①	
1976/77 Assessed Valuation	\$ 417,654,230	
Estimated Market Value	\$1,785,746,600 ^②	
Agency	Percent Applicable	Debt Applicable June 21, 1977 ^③
Desert Hospital District	100.000	\$ 765,000
Riverside County	20.599	164,792
Coachella Valley Community College District	56.829	3,125,595
Coachella Joint Union High School District	23.207	138,082
Desert Sands Unified School District	32.632	3,029,881
Palm Springs Unified School District	99.884-99.963	10,877,991
Coachella Valley Water District, Improvement Districts No. 7, 8, 53 and 57	100.000	7,740,000
Coachella County Water District, Improvement Districts No. 6 and 54	51.296, 74.378	3,253,917
Desert Hot Springs County Water District, Improvement Districts No. 1 and 2	100.000	96,000
City of Indian Wells	3.014	29,839
City of Palm Springs	99.941	7,540,548
Gross Direct and Overlapping Bonded Debt		\$36,761,645
Less: Share of City of Palm Springs Golf Course (\$549,675) and Coachella County Water District, I.D. No. 6 (\$479,618) self-supporting bonds		1,029,293
Net Direct and Overlapping Bonded Debt		<u>\$35,732,352</u>

	Percentage of		Per Capita
	Assessed Valuation	Market Value	
Assessed Valuation	— %	— %	\$6,251
Gross Direct Debt	0.18	0.04	11
Gross Direct and Overlapping Debt	8.80	2.06	550
Net Direct and Overlapping Debt	8.56	2.00	535

① Preliminary January 1, 1977 estimate by the Riverside County Planning Department.

② The State Board of Equalization reports that Riverside County assessed valuations for the 1976/77 fiscal year averaged 23.3 percent of full cash value. Utility property is reportedly assessed at 25 percent of market value.

③ Excludes sales, if any, between the date of this official statement and June 21, 1977. Also excludes assessment bonds, revenue bonds and the following shares of bonds secured by lease obligations: Desert Hospital Authority: \$21,280,000 (including the bonds currently offered for sale); Palm Springs Airport Lease Company: \$1,094,354; Palm Springs Civic Center Authority: \$700,366; Riverside Civic Center Authority: \$1,838,461; Riverside County Law Library Authority: \$210,110; Riverside County Park Facilities Corporation: \$1,328,635; and Riverside General Hospital Authority: \$387,261.

THE DISTRICT

The Desert Hospital District is located 108 miles east of Los Angeles in central Riverside County. The district covers an area of approximately 457 square miles extending from the San Bernardino County border on the north to within approximately 10 miles of the San Diego County border on the south. It includes the popular Palm Springs winter resort area. Virtually all of the City of Palm Springs is included in the District. The District encompasses all of the Cities of Desert Hot Springs and Rancho Mirage and a major portion of the City of Palm Desert. It also includes a small portion of the City of Indian Wells. The unincorporated communities of Alpine Village, Cathedral City, North Palm Springs and Thousand Palms are also situated within the District's boundaries.

Nearly 83 percent of the assessed valuation of the District is located in the incorporated areas, with close to 52 percent in Palm Springs, close to 14 percent in Palm Desert, 13.3 percent in Rancho Mirage, 3.5 percent in Desert Hot Springs and less than one-quarter of one percent in Indian Wells.

District Government

The Desert Hospital District was organized in December 1948, under provisions of the California Health and Safety Code, commencing with Section 32000. The District is governed by a five-member Board of Directors. Directors are elected at large for alternating four-year terms at elections held every two years.

Hospital operations are carried out under the direction of the Executive Director, who is appointed by the Board of Directors. The hospital currently employs 820 full-time equivalent persons and functions under an approved operating budget for the 1976/77 fiscal year of \$18,312,000.

The Executive Director, Larry N. Minden, was appointed to that post in January 1974. He was first employed by the Desert Hospital District in 1969 as Controller. In 1970 he was promoted to assistant administrator in charge of fiscal affairs and professional departments. Prior to joining the Desert Hospital District he was manager of the business and accounting office of University of Oklahoma Medical Center.

Mr. Minden is a graduate of Central State University in Oklahoma City, Oklahoma and holds a Master's degree in hospital administration from the California State University at Northridge. He is also a member of the American College of Hospital Administrators.

The Assistant Administrator for Fiscal Affairs is Norman D. Bergman, CPA. He was appointed to that post in 1976, having joined the Hospital District as Director of Finance in 1974. Prior to that he was a senior level staff auditor with the firm of Coopers & Lybrand.

He holds a BS degree from the California State University at Los Angeles. He is a member of the California Society of Certified Public Accountants and the Hospital Management Financial Association.

The Associate Administrator for Patient Care and General Administrative Services is Charles L. Culp. Mr. Culp holds a BA degree in Psychology from the University of California at Los Angeles and an MBA in Hospital Administration from the George Washington University in Washington, D.C.

Prior to his employment by the Desert Hospital District in 1976 he had acquired more than ten years experience in the hospital field, including two years as Administrative Resident at the Centinela Valley Community Hospital in Inglewood, California and seven and one-half years as Assistant Administrator at Santa Barbara Cottage Hospital in Santa Barbara, California plus special projects work for Santa Barbara and San Luis Obispo Counties, California.

Topography and Climate

Most of the District consists of relatively level desert land located within the Coachella Valley. The San Jacinto Mountains rise abruptly from the valley floor on the western side of the District providing spectacular scenic contrasts. Mount San Jacinto, with a peak elevation of 10,813 feet, is located a short distance from the western boundary of the District. A number of picturesque canyons wind from the valley floor into the mountains. The climate of the District, with the exception of the largely uninhabited mountain areas, is illustrated by the following average temperature, rainfall and humidity data for Palm Springs.

CITY OF PALM SPRINGS

Climate Data

Period	Average Temperature			Rain	Humidity
	Min.°	Mean°	Max.°	Inches	Noon
January	39.1	53.7	68.3	1.22	32
April	52.6	69.9	86.9	0.25	22
July	73.2	90.6	107.8	0.29	28
October	56.5	73.0	91.4	1.33	27
Year	54.7	70.9	87.5	7.07	27

Source: U.S. Weather Bureau data as reported by Palm Springs Chamber of Commerce.

Population

The population of the District varies widely between seasons. However, the permanent population increased steadily through 1974 as shown in the following summary of the permanent population of the census tracts located within or overlapping the hospital district. Population growth since 1974 has been at a more moderate pace as indicated below.

DESERT HOSPITAL DISTRICT

Estimated Permanent Population

1960	26,723
1970	47,828
1972	55,114
1974	63,579
1976	64,473
1977	66,811

Sources: U.S. Census Bureau, 1960-70. Riverside County Planning Department — January estimates, 1972-77; estimate for 1977 is preliminary.

Since communities within the District attract large numbers of seasonal residents and tourists, the District's peak population is considerably greater than the permanent population estimates listed above. Applying the respective methodologies (e.g. number

of weekend or seasonal homes, available hotel/motel units, sewage composition, etc.) employed by the Coachella Valley Association of Governments to estimate the 1976 peak population of the Coachella Valley to the census tracts in the District yields an estimated 1976 peak population of 113,083. This total is important to the hospital district since medical services are also needed by seasonal residents, many of whom are elderly, and tourists.

A special census conducted by the State Department of Finance in February, 1976 for all of the District's incorporated cities, except Palm Springs, reported substantial percentages of permanent residents over age 65. The special census data revealed that persons 65 years of age or older comprised 35 percent of Desert Hot Springs' permanent residents, 22 percent of Rancho Mirage's residents, 20 percent of persons residing in Palm Desert and 24 percent of the permanent population of Indian Wells. The special census reported the median age of permanent residents as follows: Desert Hot Springs, 56; Rancho Mirage, 50; Palm Desert, 37; and Indian Wells, 54.

Housing

The February, 1976 special census reported housing characteristics for the Cities of Desert Hot Springs, Palm Desert and Rancho Mirage. The following tabulation summarizes housing units by type, occupancy and population per household in the three cities.

CITIES OF DESERT HOT SPRINGS, PALM DESERT AND RANCHO MIRAGE

Housing Units by Type — February, 1976

Type of Dwelling	No. of Units	Vacant Units	Population Per Household
Single Family ...	6,963	2,384	2.48
Multiple Family ..	3,079	1,817	1.95
Apartments	1,099	283	1.90
Mobile Homes ..	1,467	550	1.83
Motels/Hotels ..	104	1	2.05
Total	12,712	5,035	2.25

The special census also reported the following distribution of reasons for the housing vacancies listed above.

CITIES OF DESERT HOT SPRINGS, PALM DESERT AND RANCHO MIRAGE

Status of Vacant Housing Units — February, 1976

	Single Family	Multiple Family	Apartments	Mobile Homes	Hotels/Motels
Under Construction	93	46	0	3	0
Second Home ...	1,390	1,216	122	464	0
Other	901	555	161	83	1
Total ..	2,384	1,817	283	550	1

Permanent residents of Desert Hot Springs reported the following monthly rental and mortgage payment data to the special census:

CITY OF DESERT HOT SPRINGS^①

Monthly Rental/Mortgage Payments — February, 1976

Category	Number	Percentage
Rent, less than \$99	119	8.5%
Rent, \$100 to \$149	171	12.3
Rent, \$150 to \$199	116	8.3
Rent, \$200 to \$249	33	2.4
Rent, \$250 or more	19	1.4
Own, less than \$100	515	37.1
Own, \$100 to \$149	134	9.6
Own, \$150 to \$199	128	9.2
Own, \$200 to \$249	90	6.5
Own, \$250 or more	65	4.7
Total	1,390	100.0%

① Sample size: 83.4 percent of respondents.

The following tabulation depicts the monthly rental payments and home values reported to the special census by permanent residents of Palm Desert.

CITY OF PALM DESERT^①**Monthly Rental Payments/Home Values —
February, 1976**

Category	Number	Percentage
Rent, \$100 to \$200	479	19.0%
Rent, \$201 to \$250	248	9.9
Rent, \$251 to \$300	77	3.0
Rent, \$301 or more	67	2.7
Own, \$20,000 to \$29,999	438	17.4
Own, \$30,000 to \$39,999	389	15.5
Own, \$40,000 to \$49,999	269	10.7
Own, \$50,000 to \$69,999	283	11.3
Own, \$70,000 or more	263	10.5
Total	2,513	100.0%

^① Sample size: 62.7 percent of respondents.

Monthly rental payments and home values for the resident population of Rancho Mirage as indicated by the special census appear in the accompanying table.

CITY OF RANCHO MIRAGE^①**Monthly Rental Payments/Home Values —
February, 1976**

Category	Number	Percentage
Rent, less than \$150	81	5.3%
Rent, \$150 to \$249	139	9.0
Rent, \$250 to \$349	34	2.2
Rent, \$350 or more	17	1.1
Own, less than \$45,000	504	32.7
Own, \$45,000 to \$74,999	450	29.2
Own, \$75,000 to \$104,999	113	7.3
Own, \$105,000 to \$149,999	146	9.5
Own, more than \$150,000	56	3.7
Total	1,540	100.0%

^① Sample size: 77.0 percent of respondents.

While comparative housing data is not available for Palm Springs the 1970 U.S. Census provides some

insights on the housing characteristics of that city. The 1970 Census reported that 47.8 percent of Palm Springs 11,956 housing units were owner-occupied, 29.6 percent renter-occupied and 22.6 percent vacant. Of the 11,956 housing units 6,856 were single family dwellings, 3,798 multiple family and 1,302 units consisted of mobile homes. The 1970 median value of owner-occupied dwellings in Palm Springs was \$30,600 and the median rental payment was \$135 per month.

In June, 1976 researchers from the University of California, Riverside conducted a scientific sampling of 250 registered voters for the City of Palm Springs. The researchers' report entitled "Palm Springs Community Opinion Survey, 1976" listed rental payment and home value data as summarized in the following tabulation.

CITY OF PALM SPRINGS**Monthly Rental Payments/Home Values —
June, 1976^①**

Category	Number	Percentage
Rent, less than \$100	4	2.0%
Rent, \$100 to \$150	8	4.1
Rent, \$151 to \$200	8	4.1
Rent, \$201 to \$300	11	5.6
Rent, over \$300	4	2.0
Own, less than \$15,000	13	6.6
Own, \$15,000 to \$24,999	13	6.6
Own, \$25,000 to \$34,999	34	17.3
Own, \$35,000 to \$49,999	41	20.8
Own, \$50,000 and over	61	30.9
Total	197	100.0%

^① Sample size: 78.8 percent of respondents.

Source: "Palm Springs Community Opinion Survey, 1976",
University of California, Riverside.

Income

The 1976 special census reported 1975 total household incomes for residents of Desert Hot Springs, Palm Desert and Rancho Mirage. Distributions of incomes within the Cities of Desert Hot Springs and Palm Desert are shown in the following tabulation.

CITIES OF DESERT HOT SPRINGS AND PALM DESERT

Distribution of Household Incomes, 1975

	Desert Hot Springs ^①		Palm Desert ^②	
	Number	Percentage	Number	Percentage
Less Than \$5,000	442	39.2%	170	10.7%
\$5,000-\$9,999	433	38.4	304	19.1
\$10,000-\$14,999 ...	145	12.9	358	22.4
\$15,000-\$24,999 ...	70	6.2	415	26.0
\$25,000-\$34,999 ...	17	1.5	176	11.0
Over \$35,000 ...	20	1.8	172	10.8
Total ...	1,127	100.0%	1,595	100.0%

① Sample size: 67.6 percent of respondents.

② Sample size: 39.8 percent of respondents.

The distribution of incomes reported for the City of Rancho Mirage is shown below.

CITY OF RANCHO MIRAGE

Distribution of Household Incomes, 1975^①

	Number	Percentage
Less Than \$5,000	132	10.6%
\$5,000-\$9,999	197	15.8
\$10,000-\$14,999	198	15.8
\$15,000-\$19,999	156	12.6
\$20,000-\$29,999	197	15.8
\$30,000-\$39,999	98	7.9
Over \$40,000	268	21.5
Total	1,246	100.0%

① Sample size: 62.3 percent of respondents.

As the footnotes to the preceding two tables indicate a sizeable number of respondents to the special

census did not disclose their annual incomes. Household income does not measure or indicate the substantial assets which retired persons living on lower incomes may possess. It must also be indicated that the District contains a substantial percentage of professional and managerial workers as discussed in the following subsection, entitled "Employment".

Comparable income data is not available for residents of Palm Springs or the unincorporated communities in the District. However, the "Palm Springs Community Opinion Survey, 1976" reported 1975 household incomes as disclosed by 213 of the 250 Palm Springs residents surveyed. A distribution of these incomes appears in the following summary.

CITY OF PALM SPRINGS

Distribution of Household Income, 1975^①

Category	Number	Percentage
Less than \$5,000	19	8.9%
\$5,000 — \$7,999	25	11.7
\$8,000 — \$14,999	44	20.7
\$15,000 — \$24,999	58	27.2
\$25,000 — \$34,999	32	15.0
\$35,000 — \$49,999	14	6.6
\$50,000 and over	21	9.9
Total	213	100.0%

① Sample size: 85.2 percent of respondents.

Source: "Palm Springs Community Opinion Survey, 1976", University of California, Riverside.

Employment

Because of the many hotels, resort establishments and visitor facilities within the District, more than 60 percent of all employed persons work in trade or services occupations. The Palm Springs Labor Market Area, as defined by the State Employment Development Department, includes all communities in the District plus La Quinta. When last surveyed by State labor analysts in July of 1970, this area had an estimated population of 48,000 and provided employment for 15,500 persons, as noted in the tabulation on the following page.

PALM SPRINGS LABOR MARKET

Estimated Employment — July 1970

Industry	Employment
Agriculture	100
Construction	1,300
Manufacturing	300
Transportation, communications, utilities ..	1,000
Trade	3,700
Finance, real estate, insurance	700
Services	6,000
Government	2,400
Total employment	15,500

Source: State Employment Development Department.

The Palm Springs Chamber of Commerce reported in June, 1976 that major hotels in that City employed approximately 1,400 persons. Motels, hotels and spas employ the greatest number of workers throughout the District.

The major non-hotel employers, their approximate employment and primary businesses appear in the accompanying summary.

DESERT HOSPITAL DISTRICT

Major Non-Hotel Employers

Name	Approximate Employment	Primary Business
Desert Hospital	820	Public hospital
Palm Springs Unified School District	770	Primary and secondary education
College of the Desert ...	500	Community College
Eisenhower Medical Center	425	Hospital
City of Palm Springs ...	413	Municipal government
Bird Corporation	160	Manufacturing — medical equipment

Sources: Chambers of Commerce within the District and primary research.

The February 1976 special census also reported the occupations of heads of household residing in Desert Hot Springs and Rancho Mirage as shown below.

The special census data indicated a weighted-average unemployment rate of 5.6 percent for three of the cities within the District. Desert Hot Springs had a 9.0 percent unemployment rate, Palm

CITIES OF DESERT HOT SPRINGS AND RANCHO MIRAGE^①

Occupations of Principal Wage Earners — February, 1976

Type	Desert Hot Springs		Rancho Mirage		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Professional, technical and related	253	18.5%	344	36.2%	597	25.8%
Managers, officials and proprietors	242	17.7	285	29.9	527	22.7
Clerical and related workers	128	9.4	49	5.1	177	7.6
Sales workers	102	7.5	78	8.2	180	7.8
Craftsmen, foremen and related	335	24.5	90	9.5	425	18.3
Operatives and related	88	6.4	10	1.1	98	4.2
Service workers, including domestic	186	13.6	78	8.2	264	11.4
Laborers, including farm	33	2.4	17	1.8	50	2.2
Subtotal	1,367	100.0%	951	100.0%	2,318	100.0%
Retired, Not in Labor Force	141		758		899	
Total	1,508		1,709		3,217	

^① The City of Palm Desert elected not to inquire about occupations during the special census.

Desert 5.7 percent and Rancho Mirage reported 3.4 percent. The 5.6 percent overall unemployment rate compares favorably to the 10.5 percent seasonally adjusted unemployment rate for February, 1976, and 8.6 percent for February, 1977, as reported by the State Employment Development Department for the Riverside-San Bernardino-Ontario Labor Market Area (the smallest reporting unit, at present, which includes the District).

Building Activity

Building permit valuation data are available only for the incorporated cities in the District. The accompanying tabulation presents a five calendar year summary of building permit valuations and new residential units constructed in the District's incorporated areas. Since the Cities of Palm Desert and Rancho Mirage were incorporated in 1973, building activity for these two areas are excluded from all totals prior to 1974.

Industry

As a resort area, the District does not have a large number of manufacturing industries. The City of Palm Springs has zoned 620 acres in four industrial

parks for industrial use, including one large area adjacent to the Palm Springs Municipal Airport. Desert Hot Springs has 200 acres of industrial-zoned property of which approximately 28 percent are vacant. The largest industrial firms located in the District are as follows:

Bird Corporation, Palm Springs: Medical equipment; 160 employees.

Desert Sun Publishing Company, Palm Springs: Newspaper; 85 employees.

Paul Associates, Inc., Palm Springs: Printing; 20 employees.

Tackmer Corp., Palm Springs: Adhesives; 20 employees.

Commercial Activity

The District contains branches of many leading Los Angeles and New York based stores, including Bullock's Wilshire, I. Magnin, Joseph Magnin, Robinson's, Saks Fifth Avenue, Silverwoods and Walker Scott Co., as well as a number of national and statewide retailers. Mass retailing chain stores including JC Penney and Sears have outlets within the District. Major shopping centers include the

DESERT HOSPITAL DISTRICT^①

Building Permit Valuation — Incorporated Cities (\$000 Omitted)

Type of Construction	1972	1973	1974	1975	1976
New Residential	\$48,518	\$28,310	\$41,406	\$32,748	\$72,683
Other Residential	1,632	1,450	2,289	2,448	2,718
New Commercial	5,465	3,266	6,317	8,382	7,152
New Industrial	203	197	421	604	829
Other Nonresidential	4,061	7,521	6,341	12,651	9,797
Total Valuation	\$59,879	\$40,744	\$56,774	\$56,833	\$93,179
Number of New Dwelling Units:					
Single	395	327	861	633	1,065
Multiple	2,208	731	160	166	825
Total New Units	2,603	1,058	1,021	799	1,890

^① Data reported through 1973 only include Desert Hot Springs, Indian Wells and Palm Springs, whereas 1974 through 1976 figures also include Palm Desert and Rancho Mirage. Building activity data for the District's unincorporated communities are unavailable.

Source: "California Construction Trends", Security Pacific National Bank.

Desert Inn Fashion Plaza, Palm Springs Mall and Smoke Tree Village.

A five-year summary of taxable transactions for the incorporated cities within the District appears in the tabulation on the facing page. The annual totals prior to 1974 do not include the cities of Palm Desert and Rancho Mirage, each of which was incorporated in 1973.

Hotels and Motels

A major commercial activity in the area, which is only partially reflected in the report of taxable transactions, is the local hotel and motel business. There are more than 200 hotels, apartment hotels, lodges and motels in the District providing more than 6,800 units. Some of the larger hotels and motels are listed opposite.

Palm Springs Downtown Commercial Area
Photo courtesy Palm Springs Visitors and Convention Bureau



Hotel (Motel)	No. of Units
Best Western-Tropics Hotel	142
Canyon Hotel	478
Dunes Hotel	108
Gene Autry Hotel	168
Motel 6	126
Ocotillo Lodge	124
Palm Springs Riviera Hotel	500
Palm Springs Spa Hotel	231
Ponce de Leon Motel	98
Racquet Club	116
Ramada-International Hotel	256
Sands Hotel	112
Sheraton Oasis Hotel	112
Tennis Club Hotel	150
Travelodge	158
Vagabond Motel	120
Westward Ho Hotel	210

An indication of the substantial economic impact of the hotel business in the District is provided by the following summary of revenues received by the City of Palm Springs from its transient occupancy tax. The tax has been levied at the rate of six percent of taxable room rentals since October of 1972, when it was raised from five percent.

CITY OF PALM SPRINGS

Hotel Occupancy Tax

Fiscal Year	Hotel Occupancy Tax Proceeds
1971/72	\$ 856,715
1972/73	1,068,751
1973/74	1,189,824
1974/75	1,378,558
1975/76	1,562,211

Source: Palm Springs Convention and Visitors Bureau.

The above statistics do not reflect hotels located outside the City of Palm Springs but within the District.

Convention Activity

Convention business is an important part of the economy of the District. The Palm Springs Conven-

tion and Visitors Bureau actively promotes this business. The bureau is supported by proceeds from the City of Palm Springs hotel occupancy tax. The larger hotels and resorts, both in Palm Springs and in the surrounding areas, also actively seek and promote convention business.

Following is a summary of convention business in Palm Springs during the past five calendar years, as reported by the Convention and Visitors Bureau.

CITY OF PALM SPRINGS CONVENTIONS

Year	No. of Conventions	No. of Delegates	Estimated Expenditures
1972	598	110,400	\$13,389,360
1973	618	94,424	12,849,050
1974	806	107,224	17,350,850
1975	993	117,850	18,935,530
1976	1,185	137,277	24,440,680

The preceding summary does not reflect conventions centered at hotels and resorts outside of Palm Springs but within the District.

Banking

The Bank of America NT&SA maintains a branch in Desert Hot Springs, another in Palm Des-

ert and three in Palm Springs, Security Pacific National Bank operates four offices in the District, two of which are in Palm Springs plus one in Cathedral City and one in Palm Desert. United California Bank has two offices in Palm Desert and one in Palm Springs. The First National Bank & Trust Company has offices in Desert Hot Springs, Palm Springs and Rancho Mirage. Crocker National Bank provides banking facilities in Indian Wells and Palm Springs. City National Bank maintains branches in Palm Desert and Palm Springs. Barclays Bank of California and Wells Fargo Bank each have an office in Palm Springs. A branch of the Desert Empire Bank is located in Cathedral City.

Eight savings and loan associations operate a total of 13 offices in the District. These include three branches of the San Diego Federal Savings and Loan Association; two offices of the Coachella Valley Savings and Loan Association, Pomona First Federal Savings & Loan Association and the Santa Fe Federal Savings & Loan Association and one office of the California Federal Savings and Loan Association, Downey Savings and Loan Association, Great Western Savings & Loan Association and the Santa Barbara Savings and Loan Association.

Transportation

Interstate Highway 10 and the main line of the Southern Pacific railroad between Los Angeles and

DESERT HOSPITAL DISTRICT

Five-Year Summary of Taxable Transactions — Incorporated Cities (\$000 Omitted)

Calendar Year	Desert Hot Springs	Indian Wells	Palm Desert	Palm Springs	Rancho Mirage	Total
1972	\$3,810	\$2,849	\$ — ①	\$120,759	\$ — ①	\$127,418①
1973	4,347	3,575	— ②	133,817	4,295③	146,034②③
1974	4,876	3,797	26,313	141,763	18,987	195,736
1975	5,672	3,605	32,078	154,603	21,761	217,719
1976	6,529	4,137	39,639	176,851	27,337	254,493

① Data for 1972 exclude Palm Desert and Rancho Mirage which were each incorporated in 1973.

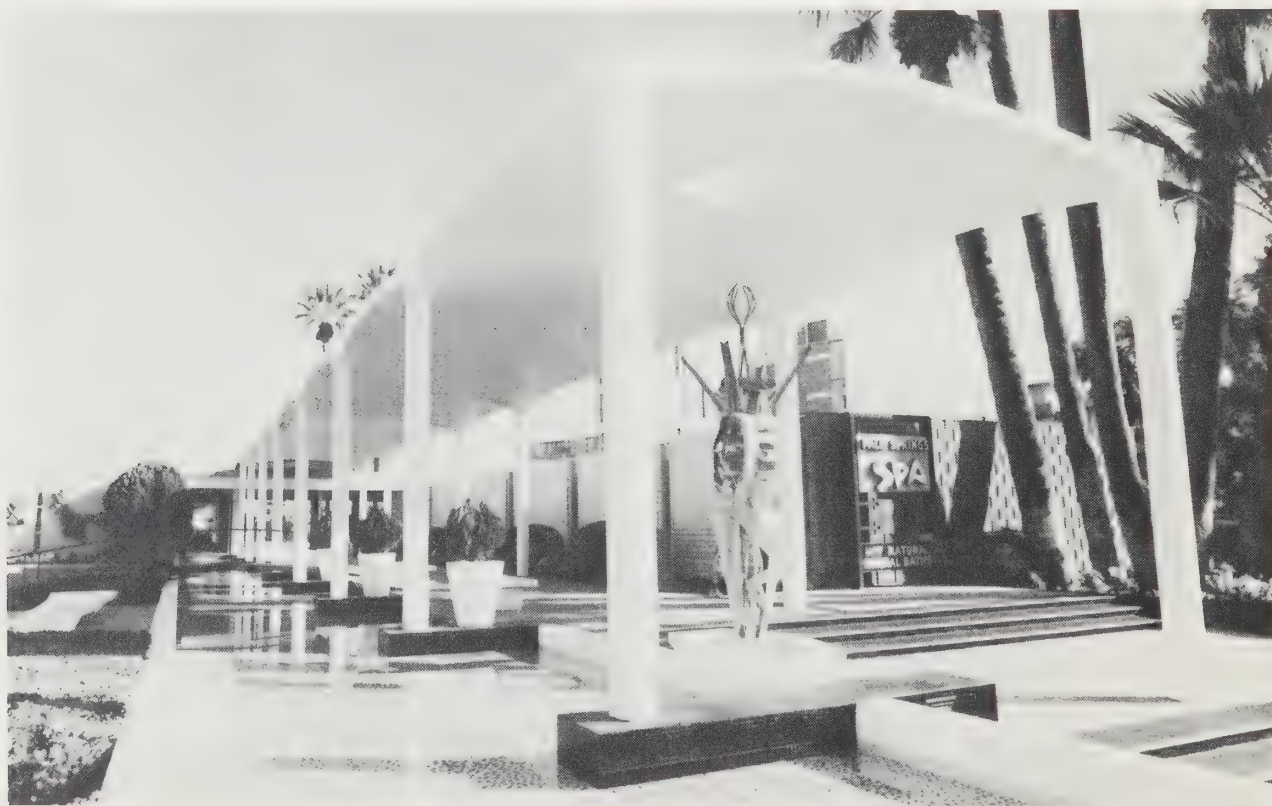
② No taxable transactions were recorded for Palm Desert in 1973.

③ Taxable transactions reported for Rancho Mirage during 1973 reflect the fourth quarter only.

Source: State Board of Equalization.



Above: Desert Inn Shopping Center. Below: One of the major hotels in the District.
Photos courtesy Palm Springs Visitors and Convention Bureau.



Southeastern points traverse the District. State Highway 111, which extends from Interstate 10 in the San Gorgonio Pass to the Mexican border at Calexico, links Palm Springs, Palm Desert, Cathedral City, Rancho Mirage and Indian Wells. A number of State and County roads connect these communities with the remainder of the District. The junction of State Highway 74 with State Highway 111 in Palm Desert provides access to San Diego via a connection with U. S. 395.

Amtrak service is available at Indio, 23 miles southeast of the City of Palm Springs. The Sunliner Bus Service serves Palm Springs and the Twentynine Palms Stage extends to Desert Hot Springs and Palm Springs. Greyhound Bus Lines provides overland coach service.

The Palm Springs Municipal Airport is the largest commercial air carrier facility in Riverside County. The airport is served by five passenger carriers including American Airlines, Western Airlines, Hughes Airwest, Air California, and Sun Aire. Each of these airlines provides daily service to the Greater Los Angeles-Orange County area. Direct flights to the Midwest, Northwest, Canada, and Dallas are available in addition to intrastate air service.

As shown by the following tabulation, passenger traffic at the airport has more than tripled since 1966.

PALM SPRINGS MUNICIPAL AIRPORT

Passenger Boardings

Fiscal Year	No. Passengers
1966	65,713
1967	76,594
1968	95,272
1969	118,741
1970	129,135
1971	134,252
1972	135,239
1973	160,566
1974	167,478
1975	164,466
1976	197,759

Source: City of Palm Springs.

Utilities

Natural gas service is provided by Southern California Gas Company. Electric power is furnished by Southern California Edison Company, except in the Thousand Palms area which is served by the Imperial Valley Irrigation District. Water service is provided by Coachella Valley Water District, Desert Hot Springs County Water District, the Desert Water Agency and the Palm Desert Community Services District. The General Telephone Company of California provides telephone service.

Education

Approximately 83 percent of the assessed valuation of the hospital district is within the Palm Springs Unified School District and the hospital district represents close to 99.9 percent of the school district's assessed valuation. The school district operates a total of eight elementary schools, two junior high schools and one high school.

Following is a summary of average daily attendance figures for the past five fiscal years plus the first eight months of the current fiscal year as reported by the school district:

PALM SPRINGS UNIFIED SCHOOL DISTRICT

Average Daily Attendance^①

Fiscal Year	K-8	9-12	Continuation School	Total
1971/72 ..	4,620	1,981	28	6,629
1972/73 ..	4,747	2,065	45	6,857
1973/74 ..	4,745	2,146	54	6,945
1974/75 ..	4,886	2,303	70	7,259
1975/76 ..	4,965	2,474	64	7,503
1976/77 ^② ..	5,036	2,420	95	7,551

① ADA figures include summer school.

② First eight months only.

The remaining 17 percent of the hospital district's assessed valuation is located in the Desert Sands Unified School District.

The College of the Desert is located within the hospital district at Palm Desert. It is a two-year community college which opened in 1962 and is situated on a 160-acre campus. Enrollment at this



Palm Springs Aerial Tramway
*Photo courtesy Palm Springs Visitors
 and Convention Bureau*

institution is approximately 6,700, of which 1,300 are full-time students. An additional 4,500 persons are enrolled in non-graded courses at the college.

A general campus of the University of California is located at Riverside, 53 miles west of the City of Palm Springs. Other four-year degree granting institutions in this part of Southern California are Loma Linda University, California Baptist College and the University of Redlands.

Recreational and Cultural Facilities

More than 30 golf courses, many of championship caliber are located in the District. The Bob Hope Desert Classic and the Colgate-Dinah Shore Winners' Circle Golf Tournament, both of which are held here annually, attract many celebrities and top golfers.

A major tourist attraction is the Palm Springs Aerial Tramway. Since opening in 1963 more than four million passengers have ridden the tramway. It

provides a spectacular fifteen minute ascent from the desert north of Palm Springs to an elevation of 8,516 feet on Mount San Jacinto. The alpine setting at the summit of the tramway provides a striking contrast to the desert below and offers a view for hundreds of miles. A restaurant, cocktail lounge, gift shop, little theatre and observation deck are located at the summit, which provides access to the adjacent Mount San Jacinto State Park.

Palm Springs is the spring training center for the California Angels of the American League. Exhibition baseball games with other major league teams are played at Angels Stadium in Palm Springs each year prior to the opening of the regular season.

The Palm Springs Desert Museum is a resource center in the fields of natural history, social science, and art, and sponsors many special events in the performing arts. The Cabot Indian Museum and the Living Desert Reserve are located in Desert Hot Springs.

Active in the social and cultural life of the District are the Palm Springs Opera Co., Opera Guild of the Desert, the Desert Symphony Orchestra and the Valley Guild Theatre. These organizations regularly sponsor the appearance of internationally recognized artists in Palm Springs and adjacent communities.

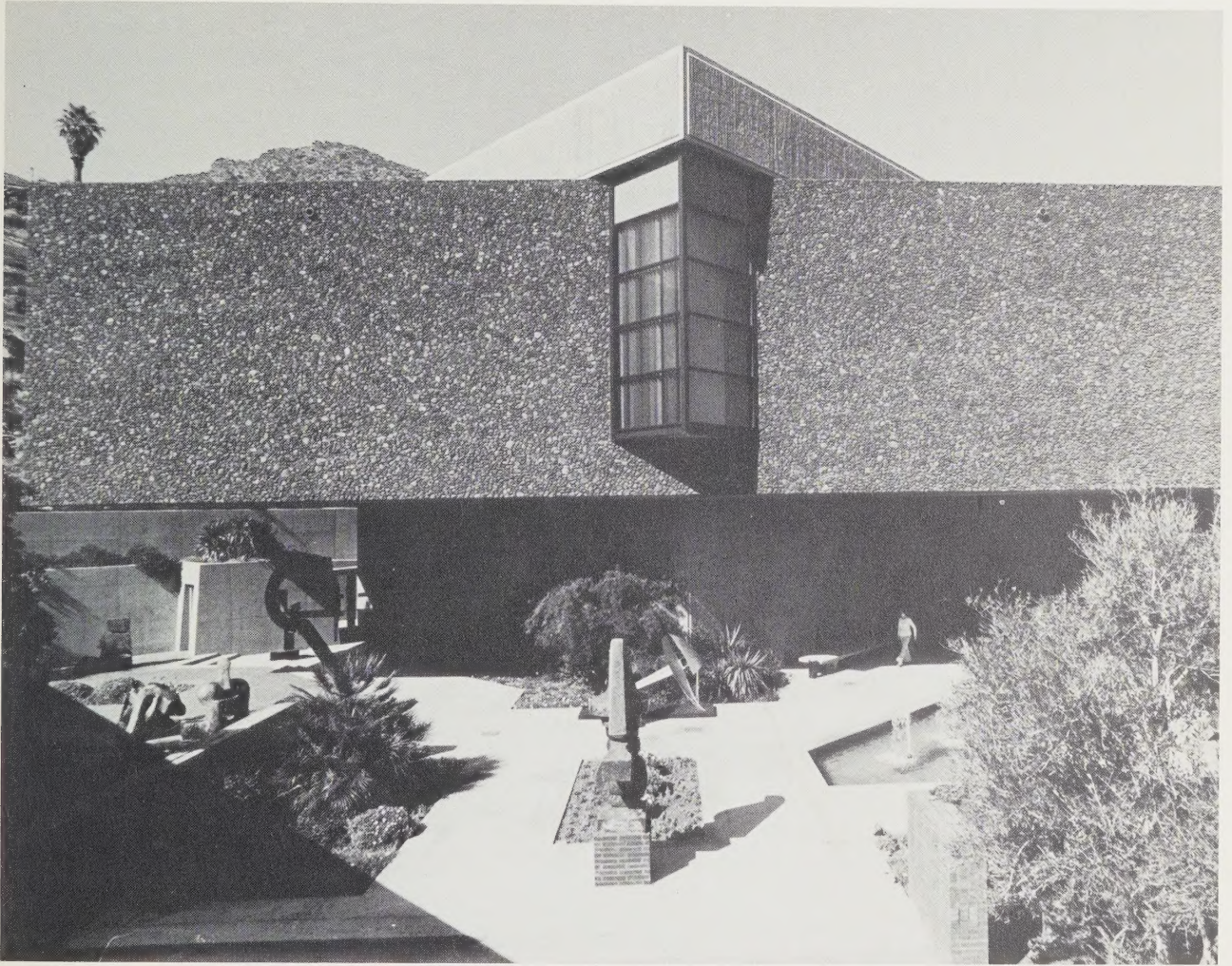
The nearby San Bernardino National Forest and the San Jacinto Wilderness Area, topped by 10,813 foot San Jacinto Peak, offer hiking, camping, fishing and mountain climbing. The Salton Sea, 46 miles south of Palm Springs, has well-developed commercial facilities for boating, swimming and water skiing.

Community Facilities

The 217-bed Desert Hospital, the 138-bed Eisenhower Medical Center and four convalescent hospitals operate within the District. These medical resources are augmented by more than 115 physicians, 46 dentists, seven optometrists and 20 chiropractors.

Forty-two churches representing the major denominations hold services within the hospital district. There are eight public libraries and six public parks.

Two daily newspapers provide local news coverage — the *Desert Sun*, published in Palm Springs,



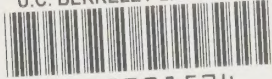
The Desert Museum. *Photo courtesy Palm Springs Visitors and Convention Bureau*

and the *Daily Enterprise*. The *Los Angeles Times* and the *Herald-Examiner* are also circulated daily within the District. The *Desert Sentinel* is distributed weekly in Desert Hot Springs. The *Palm Desert Post* also provides local news coverage on a weekly basis.

Three television stations KPLM-TV (ABC), KMIR-TV (NBC) and KABL-TV are located in the District. Five radio stations maintain broadcast studios locally. TV cable systems carry programs from nine Los Angeles area channels to the District.

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